BGMC

BGMC International Limited

璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Stock Code : 1693

Sole Sponsor

富強金融資本
FORTUNE FINANCIAL CAPITAL

Sole Global Coordinator

富強證券
FORTUNE (HK) SECURITIES

Joint Bookrunners and Joint Lead Managers

光大證券
EBS INTERNATIONAL

富強證券
FORTUNE (HK) SECURITIES

聯合證券
Head & Shoulders Securities

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

BGMC International Limited
璋利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**450,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**45,000,000 Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**405,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$0.90 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1693**

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A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered or sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares are being offered only outside of the United States in offshore transactions in reliance on Regulations S.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 3 August 2017 and, in any event, not later than Monday, 7 August 2017. The Offer Price will be no more than HK$0.90 per Offer Share and is currently expected to be no less than HK$0.60 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Monday, 7 August 2017 between the Joint Bookrunners and us, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information contained in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The Joint Bookrunners may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.bgmc.asia not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus.

31 July 2017

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published in English in the South China Morning Post and in Chinese in the Hong Kong Economic Times and on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company on **www.bgmc.asia**.*

Latest time to complete electronic applications under **eWhite Form** service through the designated website **www.ewhiteform.com.hk**[2]	11:30 a.m. on Thursday, 3 August 2017
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Thursday, 3 August 2017
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, 3 August 2017
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, 3 August 2017
Latest time to complete payment of **eWhite Form** applications by effecting PPS payment transfer(s)	12:00 noon on Thursday, 3 August 2017
Application lists of the Hong Kong Public Offering close	12:00 noon on Thursday, 3 August 2017
Expected Price Determination Date[5]	Thursday, 3 August 2017

Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company at **www.bgmc.asia** on or before[6]	Tuesday, 8 August 2017
Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk**[7] and our Company's website at **www.bgmc.asia**[8] (Please refer to the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results") from	Tuesday, 8 August 2017
Results of allocations for the Hong Kong Public Offering will be available at **www.ewhiteform.com.hk/results** with a "search by ID" function	Tuesday, 8 August 2017

Despatch/Collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[6]	Tuesday, 8 August 2017
Despatch/Collection of e-Refund payment instructions/Despatch or collection of refund cheques on or before[9&10]	Tuesday, 8 August 2017
Dealings in Shares on the Hong Kong Stock Exchange to commence on	9.00 a.m. on Wednesday, 9 August 2017

Notes:

(1) *All times and dates refer to Hong Kong local time and date, except as otherwise stated.*

(2) *You will not be permitted to submit your application through the designated website at www.ewhiteform.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.*

(3) *If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Thursday, 3 August 2017, the application lists will not open on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of Application Lists" in this prospectus.*

(4) *Applicants who apply for Hong Kong Offer Shares by giving* ***electronic application instructions*** *to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.*

(5) *The Price Determination Date is expected to be on or around Thursday, 3 August 2017. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners and our Company by Monday, 7 August 2017, the Global Offering will not proceed and will lapse.*

(6) Share certificates are expected to be issued on Tuesday, 8 August 2017 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Wednesday, 9 August 2017. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.

(7) *The announcement will be available for viewing on the "Main Board – Allotment of Results" page on the Stock Exchange's website* ***www.hkexnews.hk*** *and our Company's website at* ***www.bgmc.asia****.*

(8) *None of the website or any of the information contained on the website forms part of this prospectus.*

(9) *e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.*

(10) *Applicants who have applied on WHITE Application Forms or eWhite Form (where relevant) for 1,000,000 or more Shares under the Hong Kong Public Offering and have indicated in their applications that they wish to collect any refund cheques and Share certificates in person from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 31st Floor, 148 Electric Road, North Point, Hong Kong may do so between 9:00 a.m. to 1:00 p.m. on Tuesday, 8 August 2017. Applicants being individuals who opt for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporation stamped with the corporation's chop. Both individuals*

and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to Hong Kong Branch Share Registrar. Applicants who have applied on YELLOW Application Forms for 1,000,000 or more Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for YELLOW Application Form applicants are the same as those for WHITE Application Form applicants. Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to "How to Apply for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this Prospectus for details. Uncollected Share certificates and refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in "How to Apply for Hong Kong Offer Shares—14. Despatch / Collection Of Share Certificates And Refund Monies" in this Prospectus.

You should read carefully the sections headed "Underwriting", "Structure and Conditions of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of our or their respective directors or advisers, or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.

OVERVIEW

Founded in 1996, we are a construction services company based in Malaysia with over 20 years of operating history and are principally engaged in the provision of a wide range of construction services. Leveraging our experience and expertise in construction services, we also have the capability to undertake PPP Projects based on the BLMT model which enables us to benefit from long-term recurring cashflow. According to the Industry Report, we would rank the 21st when compared to the publicly listed construction companies in Malaysia in 2016 in terms of our revenue from our construction services business[(1)].

Our construction projects business model comprise the provision of construction services with contract period typically not exceeding five years, and we earn revenue after certification of scheduled progress claims upon completion of certain stages of construction works. The funding requirement for construction projects usually comprises project start-up, operation and implementation costs for construction works. Our customers for construction projects can include both developers and government-linked companies, and the project designs are usually handled by third party consultants engaged by the customers. We ensure the maintenance of the construction only for the defective liability period.

Our UiTM BLMT Project business model operates on the basis of a concession granted over a relatively longer term of 23 years, and comprise not only the provision of construction services for the first three years in respect of the construction of the UiTM Campus, but also making available the completed UiTM Campus to UiTM and the provision of asset management services for the remaining 20 years of the Concession Period. At the end of the Concession Period, we are obliged to transfer the buildings, facilities and infrastructure of the UiTM Campus free from encumbrances to UiTM. Revenue from the UiTM BLMT Project is structured differently such that we earn monthly availability charges from UiTM as well as monthly asset management services charges for the provision of asset management services, which provides a long-term source of recurring cashflow over the Concession Period. As we receive monthly availability charges and asset management services charges only after completion of the construction of the UiTM Campus, the funding requirement is relatively higher as intensive capital investment is required at the initial construction stage of the project. Customers for government concession projects only include government agencies or government-linked companies, and involve extensive dealings with the local authorities for approval of the concession project. Unlike the project designs for our construction projects, the project design is agreed directly with the customer instead of third party consultants. We also have to ensure the maintenance of the completed

(1) According to the Industry Report, only publicly listed construction industry players were included due to the fragmented nature of the construction industry in Malaysia. Based on Smith Zander's research, no other comparable private company would feature in the top 30 public listed companies.

UiTM campus for a relatively long period of time, being the whole of the Concession Period as compared to only the defect liability period for our other construction projects.

In the early years of our business operations, we focused on the provision of building and structural construction services for small scale projects. We had implemented our expansion strategy through a series of acquisitions from connected persons or closely related parties. We acquired 50% of Headway Construction in September 2014 and 80% of the BME Group in May 2015 from B&G Capital, which were then jointly owned by Tan Sri Barry Goh and his brother. We further acquired 1% of Headway Construction from an Independent Third Party in September 2015. In respect of KAS Engineering, we initially acquired 25% from an Independent Third Party in July 2012, and the remaining 75% was acquired from Dato' Arifin, Tan Sri Barry Goh, Premtastic Development and Dato' Michael Teh in September 2015. Please refer to the sections headed "History, Development and Reorganisation" for further details.

We acquired Headway Construction in view of our need to expand our capability to undertake large-scale earthworks and infrastructure construction works, and after the acquisition of Headway Construction, we are able to undertake earthworks and infrastructure construction works on a much larger scale for projects involving the clearances of large areas of land for the construction of townships. We further acquired the BME Group to create synergies between our existing construction services business and its mechanical and electrical engineering works business. The acquisition of BME Group's mechanical and electrical engineering works business complemented our construction services, particularly in respect of high-rise building construction works. We also diversified our business and acquired KAS Engineering, a government concession project company which was granted the concession for the UiTM BLMT Project. The acquisition of KAS Engineering presented us with opportunities to leverage our construction capabilities to obtain a long-term source of recurring cashflow from the UiTM BLMT Project. Please refer to the section headed "Business – Our Acquisitions During The Track Record Period" for further details of our acquisitions of Headway Construction, the BME Group and KAS Engineering.

The aforesaid acquisitions had brought new revenue streams into our Group and improved our financial results. During the Track Record Period, we generated (i) revenue amounting to nil, nil, RM95.1 million and RM33.4 million, and gross profits amounting to nil, nil, RM9.6 million and RM3.6 million for FY2014, FP2015, FY2016 and 1H2017, respectively, from Headway Construction; (ii) revenue amounting to nil, RM1.0 million, RM18.5 million and RM26.0 million, and gross profits amounting to nil, RM0.5 million, RM7.7 million and RM6.1 million for FY2014, FP2015, FY2016 and 1H2017, respectively, from the BME Group; and (iii) revenue amounting to nil, nil, RM8.8 million and RM5.3 million, and gross profits amounting to nil, nil, RM5.7 million and RM3.0 million for FY2014, FP2015, FY2016 and 1H2017, respectively, from KAS Engineering. The nil figures are due to the fact that we had not yet acquired the respective subsidiaries at that point in time. Please also refer to the section headed "Financial Information – Review of Historical Results of Operations" for further details of the impact of the acquisitions on our financial performance.

During the Track Record Period, we were involved in 73 projects, which contributed revenue to our Group, the total contract value of which amounted to approximately RM2.5 billion. Some of the notable construction projects we have completed over the years or that are on-going as of the Latest Practicable Date in Malaysia include: (i) D'Pristine@Medini, The Mahogony, Serini and V-Residency 2, which are all high-rise buildings; (ii) Kingsley International School; (iii) refurbishment works of the Bukit Jalil National Sports Complex in the Kuala Lumpur Sports City; and (iv) the UiTM Campus.

During the Track Record Period, we achieved a strong growth in both of our revenue and profit. For the three financial years ended 30 September 2016, our Total External Segment Revenue was RM240.2 million, RM425.6 million and RM561.1 million, respectively, representing a CAGR of 52.8%, while for 1H2016 and 1H2017, our Total External Segment Revenue was RM244.6 million and RM380.9 million, respectively, representing a growth rate of 55.7%. For the three financial years ended 30 September 2016, the profit attributable to equity holders of our Company was RM7.2 million, RM21.0 million and RM62.9 million, respectively, representing a CAGR of 195.6%, while for 1H2016 and 1H2017, the profit attributable to equity holders of our Company was RM25.1 million and RM32.6 million, respectively, representing a growth rate of 29.9%. For over the past 20 years of operating history, we have established a strong customer base which includes leading property developers and a government-linked company in Malaysia.

The following table sets forth a breakdown of our Total External Segment Revenue during the Track Record Period:

	FY2014			FP2015[1]			FY2016			1H2016			1H2017		
	Segment revenue		Percentage of Total External Segment Revenue[2]	Segment revenue		Percentage of Total External Segment Revenue[2]	Segment revenue		Percentage of Total External Segment Revenue[2]	Segment revenue		Percentage of Total External Segment revenue[2]	Segment revenue		Percentage of Total External Segment revenue[2]
	RM'000	*HK$'000[4]*	*%*	*RM'000*	*HK$'000[4]*	*%*	*RM'000*	*HK$'000[4]*	*%*	*RM'000*	*HK$'000[4] (Unaudited)*	*%*	*RM'000*	*HK$'000[4]*	*%*
Building and structures	240,044	575,141	99.9	424,329	900,614	99.7	371,295	695,743	66.2	166,251	305,350	68.0	267,723	476,040	70.3
– Construction of UiTM Campus[5]	81,826	196,054	34.1	150,048	318,468	35.3	–	–	–	–	–	–	–	–	–
– Others	158,218	379,087	65.8	274,281	582,146	64.4	371,295	695,743	66.2	166,251	305,350	68.0	267,723	476,040	70.3
Energy transmission and distribution	–	–	–	–	–	–	23,248	43,563	4.1	5,565	10,221	2.3	26,678	47,436	7.0
Mechanical and electrical	–	–	–	1,039	2,205	0.2	18,462	34,595	3.3	3,370	6,190	1.4	26,010	46,249	6.8
Earthworks and infrastructure	–	–	–	–	–	–	95,058	178,122	16.9	51,171	93,985	20.9	33,400	59,389	8.8
Total construction contracts revenue	240,044	575,141	99.9	425,368	902,819	99.9	508,063	952,022	90.5	226,357	415,746	92.6	353,811	629,114	92.9
Concession and maintenance															
– Income from a concession agreement[3]	–	–	–	–	–	–	44,240	82,898	7.9	15,493	28,456	6.3	21,839	38,832	5.7
– Building maintenance service income	–	–	–	–	–	–	8,793	16,477	1.6	2,737	5,027	1.1	5,282	9,392	1.4
Others	135	323	0.1	225	478	0.1	23	43	0.0	–	–	–	–	–	–
Total External Segment Revenue	240,179	575,464	100.0	425,593	903,297	100.0	561,119	1,051,440	100.0	244,587	449,228	100.0	380,932	677,338	100.0

Notes:

(1) *"FP2015" represents the period from 1 October 2014 to 28 September 2015.*

(2) *"Total External Segment Revenue" includes the revenue and income from a concession agreement as presented in the consolidated statements of profit or loss and other comprehensive income.*

(3) *Income from a concession agreement is disclosed as a separate line item in the consolidated statements of profit or loss and other comprehensive income. Income from a concession agreement represents the imputed interest income on the construction work receivables.*

(4) *For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the average exchange rate of RM to HK$ on the last working day of each month for each of the financial years/period during the Track Record Period as quoted by The Hong Kong Association of Banks.*

(5) *On 14 March 2012, the UiTM BLMT Project was awarded to KAS Engineering, whose then shareholders were Tan Sri Barry Goh, our founder, Dato Arifin, our Executive Director, Dato Michael Teh, our Executive*

Director, Mazlan bin Yusof, and an Independent Third Party. On 21 May 2012, KAS Engineering appointed our Group as its main contractor for the construction of UiTM Campus, which was completed on 25 November 2015. Subsequently in July 2012 and September 2015, BGMC Corporation acquired 25.0% and 75.0% interests in KAS Engineering, respectively, and became the sole shareholder of the latter from then onwards.

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	FY2014			FP2015			FY2016			1H2016			1H2017		
	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin
	RM'000	*HK$'000[(Note)]*	*%*	*RM'000*	*HK$'000[(Note)]*	*%*	*RM'000*	*HK$'000[(Note)]*	*%*	*RM'000*	*HK$'000[(Note)]*	*%*	*RM'000*	*HK$'000[(Note)]*	*%*
											(Unaudited)				
Building and structural	17,036	40,818	7.1	34,451	73,120	8.1	76,852	144,007	20.7	36,669	67,349	22.1	48,292	86,939	18.0
– Construction of UiTM Campus	818	1,960	1.0	1,500	3,184	1.0	–	–	–	–	–	–	–	–	–
– Others	16,218	38,858	10.3	32,951	69,937	12.0	76,852	144,007	20.7	36,669	67,349	22.1	48,292	86,939	18.0
Energy transmission and distribution	–	–	–	–	–	–	4,392	8,230	18.9	970	1,782	17.4	4,914	8,666	18.4
Mechanical and electrical	–	–	–	534	1,133	19.0	7,689	14,408	41.6	3,858	7,086	42.4	6,114	10,871	18.6
Earthworks and infrastructure	–	–	–	–	–	–	9,618	18,022	10.1	5,260	9,661	10.3	3,627	6,449	10.9
Concession and maintenance – building maintenance service income	–	–	–	–	–	–	5,710	10,700	64.9	1,663	3,054	60.8	2,961	5,265	56.1
Others	10	24	8.0	143	304	63.0	–	–	–	–	–	–	–	–	–
	17,046	40,842	7.1	35,128	74,557	8.3	104,261	195,367	20.2	48,420	88,932	21.1	65,908	117,190	18.4

Note: For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the average exchange rate of RM to HK$ on the last working day of each month for each of the financial years/period during the Track Record Period as quoted by The Hong Kong Association of Banks.

Our fluctuation in gross profit margin during FY2014, FP2015, FY2016, 1H2016 and 1H2017 was primarily attributable to the difference in percentage of completion of projects with different gross profit margins during the periods. The gross profit of building and structural segment increased from FP2015 to FY2016 mainly due to: (i) the construction of UiTM Campus carried out during FY2014 and FP2015 is of a relatively low gross profit margin due to sub-contracting of the project which significantly lowered the overall gross profit margin in FY2014 and FP2015 when this project had major progress; (ii) more progress on higher profit margin projects had been made in FY2016; and (iii) we invested more in machineries and site equipment from FP2015. Further, our acquisition during FP2015 of the mechanical and electrical business segment had ongoing projects in FY2016 which had relatively higher gross profit margin. Our new concession and maintenance segment in FY2016 has contributed to the increase in gross profit margin by its high gross profit margin of 64.9%. In addition, our gross profit margin for building and structural segment also improved from FP2015 to FY2016 mainly due to revision of budget for certain projects in FY2016. Our gross profit margin slightly decreased to 18.4% during 1H2017 which was primarily due to (i) decrease in gross profit margin in our building and structures segment; and (ii) decrease in gross profit margin in our mechanical and electrical segment. Please refer to the section entitled "Financial Information – Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income – Gross profit and gross profit margin" for further details.

When our projects progress, there may be circumstances, whether in our control or not, which could lead to more favourable or less than expected actual profit margin. Our projects often span across more than one financial year, and therefore for the same project of the same customer, its profit margin may vary from year to year. There are a number of factors that affect the project profit, such as (i) changes in the original scope of work that result in cost implications, such as change in design, additional work, and omission of work, which leads to amendments of budget; (ii) price adjustments to the contract price based on the cost savings achieved by our value engineering services; (iii) actual cost savings achieved during the course of the projects, such as effective cost controls over sub-contractors and material sourcing, increase in capital investments leading to a reduction in machinery rental cost; and (iv) variation of actual costs incurred as compared to the budgeted costs due to changes in project progression resulting from changes in site conditions, weather or other complexities of the project. A project may progress at a different speed in a different period due to different complexity, construction programme, site condition and weather condition, and as such actual costs incurred can differ from the budgeted cost.

We have entered into transactions with connected persons and KAS Engineering, an associate of our Group during FY2014 and FP2015, during the Track Record Period. The table below sets out the percentage proportion of the Group's revenue and net profit attributable to such transactions during the Track Record Period:

	Revenue and net profit contribution from transactions with connected persons		**Revenue and net profit contribution from transactions with connected persons and KAS Engineering**	
	Revenue (%)	**Net Profit[1] (%)**	**Revenue (%)**	**Net Profit[1] (%)**
FY2014	31.5	48.9	65.6	57.4
FP2015	30.3	24.1	65.6	29.5
FY2016	37.1	37.2	37.1	37.2
1H2017	47.4	45.7	47.4	45.7

Note:

(1) *The net profits for transactions with connected persons and KAS Engineering are for illustrative purposes only. The net profits are calculated based on allocation of certain administrative expenses including salaries and depreciation and finance costs to the relevant projects.*

According to the Industry Report, there is a softening in Malaysia's property market particularly in the residential property segment partly attributable to cautious sentiments among buyers and measures to contain accelerating house prices. The fall in awarded project values in 2015 and 2016 was largely due to a slowdown in demand in the property market, in line with lower economic growth in Malaysia in 2016 which has resulted in slower project starts. The increase in property prices due to higher construction costs may result in a further decrease in property demand and consequently, construction services. However, the residential property market in Malaysia is expected to experience positive effects over the longer term due to greater demand for affordable housing which is supported by several government-driven initiatives under the 11MP and Budget 2017. According to the Industry Report, Smith Zander expects the value of government projects awarded in the construction industry in Malaysia to grow from RM29.1 billion in 2016 to RM35.1 billion in 2020 at a CAGR of 4.8%, and as the government places greater focus on the implementation of PPP and PFI projects, demand for construction activities will subsequently increase. In line with our growth strategy through acquisitions, we plan to continue pursuing acquisitions to further expand our construction services and BLMT project businesses should suitable opportunities arise. Please refer to the sections headed "Business – Our Strategies – Increase our market share in the construction industry in Malaysia and overseas" and "Business – Our Strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" in this prospectus for further details of our acquisition plans.

OUR COMPETITIVE STRENGTHS

Our Directors believe that we have the following major strengths to compete in the construction industry:

- Established reputation and a strong customer base which includes leading property developers and a government-linked company;
- Ability to provide integrated solutions with strong execution capabilities to our customers;
- Long term source of recurring cashflow from the UiTM BLMT Project;
- Experienced management team with expertise and proven track record;
- Effective cost control and saving measures; and
- Commitment to safety, quality and environment through well-established management system and stringent quality control.

For details, please refer to the section headed “Business – Our Competitive Strengths” on pages 113 to 116 of this prospectus.

OUR STRATEGIES

Our principal business strategies are to:

- Increase our market share in the construction industry in Malaysia and overseas;
- Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas;
- Lower construction costs in the long term by acquiring more machineries and equipment; and
- Adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

For details, please refer to the section headed “Business – Our Strategies” on pages 116 to 118 of this prospectus.

PROJECTS ON HAND

The following table sets out our five largest ongoing projects (in terms of contract value) that were ongoing as at the Latest Practicable Date:

Customer profile	Description of project	Estimated project completion time[(1)]	Approximate contract period[(2)]	Approximate contract value[(3)]	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
D'Pristine Medini Sdn. Bhd.	Construction of a mixed development consisting of a 3-storey retail unit, a 6-storey car park, a 23-storey office tower, a 28-storey of SOHO tower, a 29-storey of SOHO tower and a 27-storey hotel tower at Medini Iskandar, Negeri Johor, Malaysia ("**Project D'Pristine@Medini**")	July 2018	36	580,000	229,051	97,846	272,278
Customer U	Proposed construction of a 26-storey building which consist of (i) 19-storey hotel tower (453 rooms); (ii) 3-storey carpark (level 1, level 2 and level 3); (iii) 4-storey hotel facilities (level g, level 4, level 5 and level 25); and (iv) 2-storey basement carpark at Setia Spice Arena, Bayan Lepas, Penang, Malaysia	January 2020	30	209,488	–	1,031	91,886
Sime Darby Melawati Development Sdn. Bhd.	Construction of two block of 38-storey towers consisting of 528 units of apartments, carparks and other facilities at Melawati, Selangor, Malaysia	November 2017	24	178,908	70,279	67,065	35,802
Kingsley Hills Sdn. Bhd.	Construction of earthworks and local infrastructure works for Phase 1, Phase 2 and 130 units of semi detached house of Kingsley Hill, Putra Heights, Selangor ("**Project Kingsley Land**")	June 2017, Pending CPC	60	100,671	80,780	–	–

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Construction for facilities and infrastructure for use by the Royal Malaysian Air Force at Sendayan, Negeri Sembilan, Malaysia	August 2017	24	89,349	30,330	4,383	–

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the section headed "Business – Our Business Process – 5. Practical completion" for further details.*

(2) *"Contract period" refers to the agreed project duration as stipulated in the relevant project contract. The actual time required to complete a project may differ from the contract period depending on the progress.*

(3) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums of work which may or may not be carried out at all but was in the original scope of contract works.*

The table below sets out details of the movements of the number of on-going and completed projects of our Group during Track Record Period and up to the Latest Practicable Date:

	FY2014		FY2015		FY2016		1H2017		After Track Record Period and up to the Latest Practicable Date	
	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)
		(RM'000)		*(RM'000)*		*(RM'000)*		*(RM'000)*		*(RM'000)*
Opening on-going projects	12	1,135,140	15	1,717,597	42	2,115,661	40	1,984,085	43	2,123,175
Addition of projects through acquisitions of subsidiaries	–	–	20	531,089	–	–	–	–	–	–
New projects awarded	8	694,925	14	205,642	16	131,709	13	233,991	2	222,987
Projects completed(1)	5	112,468	7	338,667	18	263,285	10	94,901	3	199,630
Closing on-going projects	15	1,717,597	42	2,115,661	40	1,984,085	43	2,123,175	42	2,146,532

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the section headed "Business – Our Business Process – 5. Practical completion" for further details.*

(2) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional*

sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.

Please refer to the section entitled "Business – Our Principal Business" for further details of our ongoing projects.

OUR CUSTOMERS

During the Track Record Period, our major customers include leading property developers and a government-linked company. We are often included in the vendor lists of some of our major customers, and invited to tender for major construction projects. For FY2014 and FP2015, our largest customer was KAS Engineering, of which we acquired 25.0% of interest on 13 July 2012. It has become our wholly-owned subsidiary since 28 September 2015. The aggregate revenue generated from KAS Engineering represented 34.1% and 35.3%, respectively of our total revenue for FY2014 and FP2015. The revenue generated from D'Pristine Medini Sdn. Bhd., our largest customer for 1H2017, represented 22.7% of our total revenue for 1H2017.

For the three financial years ended 30 September 2016 and 1H2017, aggregate revenue generated from our five largest customers represented 72.7%, 68.6%, 65.0% and 71.8%, respectively of our total revenue.

OUR SUPPLIERS

Our suppliers include suppliers of materials (such as concrete, steel bars, soil, sand, cables, switch boards and earthworks machineries). Most of our suppliers of construction materials are sourced from Malaysia. Our five largest suppliers during the Track Record Period are all Independent Third Parties. For the three financial years ended 30 September 2016 and 1H2017, our five largest suppliers accounted for approximately 32.0%, 36.9%, 34.7% and 36.8%, respectively of the total purchases from all suppliers, while the largest supplier accounted for 8.0%, 11.0%, 10.6% and 12.5% respectively of the total purchases from all suppliers.

OUR SUB-CONTRACTORS

For the three financial years ended 30 September 2016 and 1H2017, sub-contracting costs attributable to our five largest sub-contractors, collectively accounted for 79.8%, 65.3%, 23.1% and 24.8% of our total sub-contracting costs, respectively. Our largest sub-contractor for FY2014 and FP2015, a subsidiary of the MCT Group, accounted for approximately 55.1% and 56.7% of our total sub-contracting costs, respectively. For further details of the MCT Group, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus. The reason for the decrease in sub-contracting costs paid to our largest sub-contractors for FY2016 is mainly due to the completion of the sub-contracted construction works of the UiTM Campus in November 2015.

OUR CONTROLLING SHAREHOLDERS

Upon completion of the Capitalisation Issue and the Global Offering and without taking into account any Shares that may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme, our Company will be owned as to

(i) approximately 48.0% by Prosper International (being wholly-owned by Tan Sri Barry Goh); and (ii) approximately 22.5% by Seeva International (being wholly-owned by Dato' Michael Teh). Tan Sri Barry Goh, through Prosper International, and Dato' Michael Teh, through Seeva International, will be collectively interested in approximately 70.5% of the enlarged issued share capital of our Company, and is a group of our Controlling Shareholders within the meaning of the Listing Rules. On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm that they are parties acting in concert with each other with respect to their interests in and the business of the relevant members of our Group since becoming shareholders of BGMC Builder. Further, Tan Sri Barry Goh is an Executive Director and the chairman of the Board, while Dato' Michael Teh is an Executive Director and the Chief Executive Officer of our Group. The Controlling Shareholders have also entered into the Deed of Non-competition with us. For details, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus.

SUMMARY HISTORICAL FINANCIAL INFORMATION

This prospectus includes two Accountants' Reports set forth as Appendices IA and IB, respectively.

- Appendix IA sets forth the Accountants' Report of our Group for the period 2 July 2015 to 30 September 2015, for FY2016 and for 1H2017; and
- Appendix IB sets forth the Accountants' Report of BGMC Group for FY2014 and FP2015;

Details of the change of controlling shareholders of BGMC Group on 28 September 2015 are set out in the section headed "History, Development and Reorganisation" in this prospectus. The Accountants' Report in Appendix IA includes the consolidated financial information of our Group for the period from 2 July 2015 to 30 September 2015, FY2016 and 1H2017. Since there was a change in controlling shareholders of BGMC Group on 28 September 2015, the consolidated financial information of BGMC Group for FY2014 and FP2015 could not be included in the same Accountants' Report of our Group for the period from 2 July to 30 September 2015, FY2016 and 1H2017.

Although the financial year end of our Group is on 30 September and there is a gap of two days between 28 September 2015 and 30 September 2015, our Directors believe that the financial results of the BGMC Group for FP2015 can represent the full year financial performance. The historical year-on-year comparisons presented thereon provides a meaningful discussion and analysis of the financial results of the business of the BGMC Group and our Group during the Track Record Period after taking into consideration the following:

1. the profit or loss for the two days ended 30 September 2015 was immaterial;
2. the financial positions of our Group as at 28 September 2015 and 30 September 2015 were not materially different, save for the intangible assets, goodwill, deferred tax liabilities and consideration payables arose from the acquisition of the BGMC Group by our Group; and
3. our main operations were conducted through BGMC Group throughout the Track Record Period and our Company is an investment holding company.

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 November 2016. Prior to the Global Offering, our Group underwent the Reorganisation pursuant to which the Company became the holding company of the Group. Please refer to the section headed "History, Development and Reorganisation – Reorganisation" in this prospectus for details. The Reorganisation did not result in any change in management and the ultimate owners of our Company and BGMC Builder remained the same. Accordingly, the consolidated financial information of the Company and BGMC Builder is prepared using the carrying values for periods starting from the date of incorporation of BGMC Builder as if the structure of our Company and BGMC Builder existed from 2 July 2015.

All intra-group transactions and balances have been eliminated on consolidation.

The following tables present a summary of our financial information during the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Reports of the Group set forth in Appendices IA and IB to this prospectus, including the notes thereto.

Highlight of our results of operations

The table below sets out an extract of our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, which is extracted from the Accountants' Reports of the Group and the BGMC Group as set out in Appendices IA and IB to this prospectus:

	FY2014		FP2015		FY2016		1H2017	
	RM'000	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*
Revenue	240,179	575,464	425,593	903,297	516,879	968,542	359,093	638,506
Gross profit	17,046	40,842	35,128	74,557	104,261	195,367	65,908	117,191
Profit and total comprehensive income for the period/year	7,186	17,218	20,914	44,389	64,981	121,763	31,554	56,106
Profit and total comprehensive income for the period/year attributable to owners of the Company	7,186	17,218	20,967	44,501	62,919	117,899	32,598	57,963

Revenue by public and private sector

	FY2014			FP2015			FY2016			1H2017		
	RM'000	*HK$'000(Note)*	*%*	*RM'000*	*HK$'000(Note)*	*%*	*RM'000*	*HK$'000(Note)*	*%*	*RM'000*	*HK$'000(Note)*	*%*
Public sector	81,826	196,053	34.1	150,166	318,719	35.3	67,562	126,599	13.1	66,681	118,566	18.6
Private sector	158,353	379,411	65.9	275,427	584,578	64.7	449,317	841,942	86.9	292,412	519,940	81.4
	240,179	575,464	100.0	425,593	903,297	100.0	516,879	968,541	100.0	359,093	638,506	100.0

Note: For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the average exchange rate of RM to HK$ on the last working day of each month for each of the financial years/period during the Track Record Period as quoted by The Hong Kong Association of Banks.

Gross profit and gross profit margin by public and private sector

	FY2014			FP2015			FY2016			1H2017		
	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin
	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%
Public sector	818	1,960	1.0	1,182	2,509	0.8	12,886	24,146	19.1	15,889	28,252	23.8
Private sector	16,228	38,882	10.2	33,946	72,048	12.3	91,375	171,221	20.3	50,019	88,939	17.1
	17,046	40,842	7.1	35,128	74,557	8.3	104,261	195,367	20.2	65,908	117,191	18.4

Breakdown of costs of sales

	FY2014			FP2015			FY2016			1H2017		
	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%	RM'000	HK$'000(Note)	%
Sub-contracting costs	145,502	348,620	65.2	260,275	552,419	66.7	167,116	313,146	40.5	130,924	232,797	44.7
Raw material costs	40,783	97,715	18.3	72,095	153,017	18.5	151,429	283,752	36.7	93,189	165,700	31.8
Rental of equipment and machineries	13,543	32,449	6.1	24,161	51,280	6.2	42,049	78,793	10.2	22,343	39,728	7.6
Labour costs	6,066	14,534	2.7	11,402	24,200	2.9	15,417	28,889	3.7	22,652	40,278	7.7
Assets management costs	–	–	–	–	–	–	3,083	5,777	0.8	2,321	4,127	0.8
Others	17,239	41,304	7.7	22,532	47,823	5.7	33,524	62,818	8.1	21,756	38,684	7.4
	223,133	534,622	100.0	390,465	828,739	100.0	412,618	773,175	100.0	293,185	521,314	100.0

Note: For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the average exchange rate of RM to HK$ on the last working day of each month for each of the financial years/period during the Track Record Period as quoted by The Hong Kong Association of Banks.

Highlight of our consolidated statements of financial position

	BGMC Group				Our Group					
	As at 30 September 2014		**As at 28 September 2015**		**As at 30 September 2015**		**As at 30 September 2016**		**As at 31 March 2017**	
	RM'000	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*
Non-current assets	11,233	26,619	336,648	594,605	361,561	629,749	353,123	662,194	352,506	619,707
Current assets	168,024	398,175	243,378	429,866	243,378	423,904	316,427	599,380	376,657	662,163
Current liabilities	133,831	317,146	231,013	408,027	296,013	515,581	339,684	636,992	308,090	541,622
Net current assets/ (liabilities)	34,193	81,029	12,365	21,840	(52,635)	(91,677)	(23,257)	(43,613)	68,567	120,541
Non-current liabilities	21,986	52,101	299,756	529,444	304,076	529,624	259,782	487,156	254,436	447,298
Total equity	23,440	55,547	49,257	87,000	4,850	8,447	70,084	131,425	166,638	292,950

Note: For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the exchange rate of RM to HK$ on the respective dates as quoted by The Hong Kong Association of Banks.

Our Group recorded net current liabilities of RM52.6 million as at 30 September 2015 due to the increase in trade and other payable of RM65.0 million for the consideration payable for BGMC Builder's acquisition of the BGMC Group.

Our net current liabilities decreased from RM52.6 million as at 30 September 2015 to net current liabilities of RM23.3 million as at 30 September 2016. The decrease was primarily due to the increase in amount due to customers for contract works of RM43.0 million, partially offset by the decrease in trade and other receivables, deposits and prepaid expenses of RM61.1 million.

Our net current liabilities increased from RM23.3 million as at 30 September 2016 to net current assets of RM68.6 million as at 31 March 2017. The increase was primarily due to increase in amount due from customers for contract work of RM68.8 million, increase in trade and other receivables, deposits and prepaid expenses of RM29.2 million, decrease in amounts due to directors of RM22.0 million and decrease in amounts due to customers for contract works of RM20.8 million, partially offset by decrease in fixed deposits of RM18.3 million and decrease in bank balances and cash of RM19.2 million.

Highlight of our consolidated cash flow statements

	FY2014		FP2015		FY2016		1H2017	
	RM'000	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*	*RM'000*	*HK$'000(Note)*
Net cash generated from/(used in) operating activities	7,090	16,802	(47,733)	(84,307)	149,076	279,555	(13,426)	(23,603)
Net cash (used in)/generated from investing activities	(11,374)	(26,954)	(7,478)	(13,208)	1,531	(42,135)	(11,896)	(20,913)
Net cash generated from/(used in) financing activities	15,868	37,603	38,331	67,702	(82,153)	(109,051)	(25,859)	(45,460)
Net increase/ (decrease) in cash and cash equivalents	11,584	27,451	(16,880)	(29,813)	68,454	128,368	(51,181)	(89,976)
Cash and cash equivalents at beginning of year/period	7,608	18,029	19,192	33,898	2,313	4,337	70,767	124,408
Cash and cash equivalents at end of year / period	19,192	45,480	2,313	4,085	70,767	132,706	19,586	34,432

Note: For the purpose of illustration only, the above amounts denominated in RM have been translated in HK$ by adopting the average exchange rate of RM to HK$ on the year/period end dates of each of the financial years/ period during the Track Record Period as quoted by The Hong Kong Association of Banks.

For further details about our cash position, please refer to the section headed "Financial Information – Liquidity and Capital Resources – Cash Flow" on pages 237 to 239 of this prospectus.

Key financial ratios

The following table sets forth a summary of our key financial ratios for the periods indicated and as at the dates indicated:

	FY2014	FP2015	FY2016	1H2017
Gross Profit Margin (%)	7.1	8.3	20.2	18.4
Net Profit Margin (%)	3.0	4.9	12.5	8.8
Return on equity (%)	41.4	57.5	173.4	N/A
Return on total assets (%)	5.9	5.5	10.2	N/A
Interest coverage	9.5	8.7	4.6	5.7

	As at				
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017
Current ratio	1.3	1.1	0.8	0.9	1.2
Gearing ratio (%)(Note)	132.4	857.6	N/A	528.1	179.2
Debt to asset ratio (%)	86.9	91.5	99.2	89.5	77.1

Note: Gearing ratio is calculated as the total debt (banking borrowings, obligations under finance leases, consideration payables and amounts due to directors) divided by total equity and multiplied by 100%. The gearing ratio as at 30 September 2015 was not indicative in reflecting our financial position because of the modest equity base of our Group as at 30 September 2015 due to the elimination of pre-acquisition retained earnings of our principal operating subsidiaries as a result of the acquisition of BGMC Group by BGMC Builder on 28 September 2015. Please refer to the section headed "Financial Information – Key Financial Ratios – Gearing ratio" in this prospectus for further details.

TENDER SUCCESS RATE

The table below sets out the statistics for the number of projects we tendered for during the Track Record Period:

	FY2014			FY2015			FY2016			1H2017		
	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate
			(%)			*(%)*			*(%)*			*(%)*
Construction services												
Building and structural	14	8	57.1	16	2	12.5	37	5	13.5	3	–	–(2)
Mechanical and electrical works(1)	11	10	90.9	18	2	11.1	15	2	13.3	6	–	–(2)
Earthworks and infrastructure(1)	13	2	15.4	7	1	14.3	3	1	33.3	3	1	33.3
Energy transmission and distribution	Nil	Nil	Nil	20	9	45.0	38	6	15.8	13	2	15.4

Notes:

(1) *These statistics include the tenders submitted during the period before our acquisition of Headway Construction and the BME Group. Please refer to the section headed "Business – Our Acquisitions during the Track Record Period" for further details.*

(2) *The tender results for all projects are pending as at the Latest Practicable Date.*

Please refer to the section headed "Business – Our Business Process – 2. Tendering and tender assessment – tender success rate" for further details on the fluctuations in our tender success rates during the Track Record Period.

RECENT DEVELOPMENTS

Our Directors have confirmed that, from 31 March 2017 to the date of this prospectus, there was no material adverse change in our financial or business condition. During the period after the Track Record Period till the Latest Practicable Date, we have submitted 42 new tenders with the total contract sum of RM1,467.7 million.

As at 31 March 2017, we had approximately 43 projects on hand, the total contract value of which was approximately RM2.1 billion. The revenue of current projects expected to be recognised after the Track Record Period is approximately RM1.0 billion. Please refer to the section headed "Business – Contracts Overview – Projects on hand as at 31 March 2017" on page 154 of this prospectus for further details.

We expect to recognise RM9.0 million of listing expenses subsequent to the Track Record Period and upon Listing, which will affect our financial results for the year ending 30 September 2017. Please refer to the section headed "Financial information – Listing expenses" for further details of our listing expenses.

NON-COMPLIANCE

Our material non-compliance during the Track Record Period and up to the Latest Practicable Date comprise (i) failure to file its tax return for the year of assessment 2014 within the prescribed period by BGMC Corporation; and (ii) failure to obtain a certificate of registration under the Construction Industry Development Act Malaysia 1994 by Headway Construction and Built-Master Engineering. We have implemented internal control measures to minimise future occurrence of such non-compliances. For details, please refer to the sections headed "Business – Legal Compliance" and "Business – Internal Control" from pages 185 to 186, and page 187, respectively, of this prospectus.

LISTING EXPENSES

Assuming an Offer Price of HK$0.75 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total listing expenses is estimated to be approximately RM29.1 million, of which RM14.9 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of RM14.2 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. Listing expenses of RM2.2 million and RM3.0 million, in relation to services already performed by relevant parties, were reflected in our consolidated statements of profit or loss and other comprehensive income for FY2016 and 1H2017, respectively, and an additional of RM9.0 million is expected to be recognised in our consolidated statements of comprehensive income subsequent to the Track Record Period and upon Listing.

REASONS FOR OUR LISTING IN HONG KONG

We believe that the stock market of Hong Kong has higher recognition among global investors and that listing in Hong Kong would be perceived more favourably by our potential investors. Further, we believe listing in Hong Kong would enhance our profile amongst potential customers in China who are eyeing on the Southeast Asian markets in light of the Belt & Road policy promoted by the PRC government. Although currently all of our business operations are in Malaysia, we believe an enhanced international profile brought about by the Listing will help differentiate ourselves from our counterparts in Malaysia and enable us to diversify our customer base more effectively and contribute to our future expansion and business growth in both Malaysia and overseas.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK$285.1 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$0.75 per Share, being the mid-point of the proposed Offer Price range of HK$0.60 to HK$0.90 per Share. We intend to use such net proceeds as follows:

- approximately HK$185.3 million or RM102.9 million (or approximately 65.0% of our total estimated net proceeds) will be used for financing the start-up, operation and implementation costs for our prospective construction projects, including costs for procuring raw materials, mechanical and electrical equipment and sub-contractors, as part of our business strategies to increase our market share in the construction industry in Malaysia and overseas;

- approximately HK$71.3 million or RM39.6 million (or approximately 25.0% of our total estimated net proceeds) will be used to finance the acquisition of additional machinery and equipment to lower construction costs in the long-term. We intend to use RM19.4 million to acquire lifting, hoisting and transporting equipment with unit costs ranging from RM90,000 to RM2.0 million; RM13.4 million to acquire reusable aluminium formwork with unit costs ranging from RM1.5 million to RM2.2 million; and RM6.8 million to acquire other machines and equipment including static concrete pumps and drilling machines with unit costs ranging from RM0.3 million to RM1.0 million. These machines are expected to have a useful life of 10 years. Please refer to the section headed "Business – Our Strategies" for details about machineries we plan to acquire; and

- approximately HK$28.5 million or RM15.8 million (or approximately 10.0% of our total estimated net proceeds) will be used for working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and Use of Proceeds" on page 266 of this prospectus for further details.

DIVIDEND POLICY

No dividend had been declared or distributed by our Company since its incorporation up to and including the Latest Practicable Date.

The recommendation of the payment of any future dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders.

After the Listing, declaration of dividends will be subject to the recommendation of our Board after considering the above factors. Subject to the factors described above, our Board intends to recommend dividends of no less than 30% of our net profit available for distribution to the Shareholders in a financial year.

OFFER STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on minimum indicative Offer Price of HK$0.60	Based on maximum indicative Offer Price of HK$0.90
Market capitalisation of our Shares(1)	HK$1,080 million	HK$1,620 million
Unaudited pro forma adjusted net tangible asset value per Share(2)	HK$0.25	HK$0.32

Notes:

(1) *The calculation of market capitalisation is based on the 1,800,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and Global Offering.*

(2) *The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information – Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company" and on the basis of 1,800,000,000 Shares in issue at the Offer Price immediately upon the completion of the Global Offering.*

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, since 31 March 2017 and up to the date of this prospectus, (i) there has been no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there has been no material adverse change in the trading, operating and financial position or prospects of our Group; and (iii) no event had occurred in all material respects since 31 March 2017 and up to the date of this prospectus that would adversely affect the information shown in the Accountants' Report of the Group set out in Appendices IA and IB to this prospectus.

RISK FACTORS

Our Directors consider that there are risks and uncertainties relating to our business and the industry we operate in, and some pertinent risks are highlighted below:

- Our BLMT projects require significant upfront capital investment and we cannot assure you that we will be able to raise sufficient capital in a timely manner
- We may fail to exercise sufficient control over our employees and sub-contractors and therefore fail to prevent breaches of the UiTM Concession Agreement
- We may be required to make good any defects or faults of the UiTM Campus assets during the Asset Management Services Period at our own expense
- Our UiTM BLMT Project may be terminated before the expiry of the Concession Period
- Our business operates under various licences and certificates and the loss of or failure to obtain or renew any or all of these licences and certificates could materially and adversely affect our business
- We rely on the construction contracts granted by our customers, and we are subject to the risks associated with the competitive tendering process
- Any acquisitions or strategic investments that we have undertaken could be difficult to integrate, which may adversely affect our operations

For details, please refer to the section headed "Risk Factors" on pages 39 to 57 of this prospectus.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"1H2016"	the six months ended 31 March 2016
"1H2017"	the six months ended 31 March 2017
"Application Form(s)"	the **WHITE** Application Form(s), the **YELLOW** Application Form(s) and/or the **GREEN** Application Form(s) as the context so requires that are used in connection with the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company conditionally adopted on 3 July 2017 which will take effect from the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"Asset Management Programme"	a programme set out in the Asset Management Services Manual to specify the terms of management of the UiTM Campus to maintain its functionality within the expected lifespan in the most cost effective manner during the Asset Management Services Period
"Asset Management Programme Charges"	the asset management programme charges of RM0.55 per square foot per month, which form part of the asset management services charges of the UiTM BLMT Project and as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus
"asset management services charges"	the consideration for KAS Engineering providing the asset management and maintenance services in respect of the UiTM Campus, comprising the Maintenance Charges and the Asset Management Programme Charges, and as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus
"Asset Management Services Manual"	the asset management services manual under the UiTM Concession Agreement to specify the terms of management of the UiTM Campus
"Asset Management Services Period"	the period commencing from the construction completion date of the UiTM Campus till the expiry of the concession granted by UiTM to KAS Engineering
"Audit Committee"	the audit committee of our Board

"availability charges"	a term commonly used in concession projects for education facilities in Malaysia and as extracted from the UiTM Concession Agreement, which means the consideration payable to KAS Engineering for completing the construction works for the UiTM Campus and as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus
"B&G Capital"	B&G Capital Resources Berhad, a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 18 July 1994 and is owned as to 22.6% by Dato' Danny Goh, the brother of Tan Sri Barry Goh, and 77.4% by Syapurna Sdn. Bhd., which is owned as to 95.0% by Dato' Danny Goh, a connected person of the Company
"BGMC Builder"	BGMC Builder Sdn. Bhd., formerly known as Selzon Industry Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 2 July 2015 and indirectly wholly-owned by our Company through BGMC Malaysia
"BGMC Corporation"	BGMC Corporation Sdn. Bhd., formerly known as APTF Engineering Sdn. Bhd., B & G Corporation Sdn. Bhd. and B&G Corporation Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 25 March 1996 and indirectly wholly-owned by our Company through BGMC Malaysia and BGMC Builder
"BGMC Group"	BGMC Corporation and its subsidiaries
"BGMC Malaysia"	BGMC Malaysia Limited, a company incorporated in the BVI with limited liability on 24 November 2016 and directly wholly-owned by our Company
"BME Group"	Built-Master Engineering and Built-Master Elevator Engineering
"Board Lot"	the board lot in which the Shares will be traded on the Hong Kong Stock Exchange from time to time upon the Listing
"Board of Directors" or "Board"	our board of Directors
"Built-Master Elevator Engineering"	Built-Master Elevator Engineering Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 13 September 2012 and directly wholly-owned by Built-Master Engineering
"Built-Master Engineering"	Built-Master Engineering Sdn. Bhd., formerly known as Stauntium Construction Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 18 April 2012 and indirectly owned

	as to 80.0% by our Company through BGMC Malaysia, BGMC Builder and BGMC Corporation, and 20.0% directly owned by Chong Nyen Loong, a connected person of the Company
"bumiputra"	a term to describe the Malay race in Malaysia
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open generally for normal banking business to the public
"BVI"	British Virgin Islands
"Capitalisation Issue"	the capitalisation of an amount of HK$13,499,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full 1,349,999,000 Shares for allotment and issue to our Shareholders as resolved by our Shareholders on 20 July 2017
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CIDB"	The Construction Industry Development Board of Malaysia
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented, consolidated from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Company" or "our Company"	BGMC International Limited (璋利國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 18 November 2016
"Concert Party Confirmatory Deed"	the concert party confirmatory deed dated 15 December 2016 entered into between Tan Sri Barry Goh and Dato' Michael Teh to acknowledge and confirm that they are parties acting in concert
"Concession Period"	a period of 23 years commencing from 9 November 2012 relating to the grant of the concession by UiTM to KAS Engineering
"Construction Commencement Date"	the commencement date of construction of the UiTM Campus, being 9 November 2012
"Construction Completion Date"	the date falling three years after the Construction Commencement Date
"Construction Period"	the period covering the construction and completion of the UiTM Campus and as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, for the purpose of this prospectus, refers to Tan Sri Barry Goh, Prosper International, Dato' Michael Teh and/or Seeva International
"Corporate Governance Code"	Corporate Governance Code set out as Appendix 14 to the Listing Rules
"Dato' Arifin"	Dato' Mohd Arifin bin Mohd Arif, our Executive Director
"Dato' Michael Teh"	Dato' Teh Kok Lee, our Executive Director, Chief Executive Officer and Controlling Shareholder
"Dato' Danny Goh"	Dato' Danny Goh Meng Keong, brother of Tan Sri Barry Goh
"Deed of Indemnity"	the deed of indemnity dated 3 July 2017 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in the section headed "Appendix IV – Statutory and General Information – Other Information – 1. Tax and other indemnities" in this prospectus
"Deed of Non-competition"	the deed of non-competition dated 3 July 2017 and executed by our Controlling Shareholders in favour of

	our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in the section headed "Relationship with our Controlling Shareholders – Non-competition Undertakings" in this prospectus
"Director(s)" or "our Directors"	director(s) of our Company
"electronic application instruction(s)"	instruction(s) given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares
"eWhite Form"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **eWhite Form Service Provider** at www.ewhiteform.com.hk
"eWhite Form Service Provider"	the **eWhite Form Service Provider** designated by our Company, as specified on the designated website at www.ewhiteform.com.hk
"Executive Director(s)"	Executive Director(s) of our Company
"FP2015"	the period from 1 October 2014 to 28 September 2015
"FY2014"	the financial year ended 30 September 2014
"FY2015"	the financial year ended 30 September 2015
"FY2016"	the financial year ended 30 September 2016
"FY2017"	the financial year ending 30 September 2017
"FY2018"	the financial year ending 30 September 2018
"FY2019"	the financial year ending 30 September 2019
"for the three financial years ended 30 September 2016"	FY2014, FP2015 and FY2016
"Fortune (HK) Securities Limited"	a licensed corporation registered under the SFO to carry out Type 1 (dealing in securities) regulated activity as defined in the SFO
"Global Offering"	the Hong Kong Public Offering and the International Placing
"GREEN Application Form(s)"	the form(s) of application for the Hong Kong Offer Shares to be completed by **eWhite Form Service Provider**

"Group", "we", "our", "our Group" and "us"	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became holding company of its present subsidiaries, such subsidiaries as if they were our Company's subsidiaries at that time
"Headway Construction"	Headway Construction Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 4 October 2011 and indirectly owned as to 51.0% by our Company through BGMC Malaysia, BGMC Builder and BGMC Corporation, and 49.0% directly owned by Chua Cheng Yik, a connected person of the Company
"HKFRSs"	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 45,000,000 new Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering at the Offer Price, subject to any adjustment as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms relating thereto, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriter(s)"	the underwriter(s) for the Hong Kong Public Offering as listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 28 July 2017 relating to the Hong Kong Public Offering entered into, among others, our Company, our Executive Directors, the Sole Global Coordinator and the Hong Kong Underwriters, as further described in the section headed "Underwriting – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus
"Independent Non-executive Director(s)"	independent non-executive Director(s) of our Company
"Independent Third Party(ies)"	any entity(ies) or person(s) who is/are not connected person(s) within the meaning ascribed thereto under the Listing Rules
"Industry Report"	an independent research report commissioned by us and prepared by Smith Zander for the purpose of the Listing
"International Placing"	the conditional offering of the International Placing Shares for and on behalf of our Company outside the United States (including professional, institutional and corporate investors and excluding retail investors in Hong Kong) in reliance on Regulation S as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Placing Shares"	405,000,000 new Shares being initially offered by our Company for subscription under the International Placing subject to adjustment and together, where relevant, with any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Underwriters"	the several underwriters for the International Placing who are expected to enter into the International Underwriting Agreement to underwrite the International Placing
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around the Price Determination Date by, among others, our Company, the Sole Global Coordinator and the International Underwriters relating to the International Placing
"Ir. Azham Malik"	Ir. Azham Malik bin Mohd Hashim, our Executive Director
"Issue Mandate"	the general unconditional mandate given to the Directors by our Shareholders relating to the issue of Shares, as further described in the section headed "Appendix IV –

	Statutory and General Information – Further Information about our Group – 4. Written resolutions of the Shareholders of our Company passed on 3 July 2017" in this prospectus
"Joint Bookrunners" or "Joint Lead Managers"	China Everbright Securities (HK) Limited, Fortune (HK) Securities Limited and Head & Shoulders Securities Limited
"KAS Engineering"	KAS Engineering Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 17 November 1993, which is a direct wholly-owned subsidiary of BGMC Corporation
"Kingdom Base"	Kingdom Base Limited, a company incorporated in the BVI with limited liability on 8 January 2016 and directly wholly-owned by Dato' Arifin
"Latest Practicable Date"	21 July 2017, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be Wednesday, 9 August 2017, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Stock Exchange
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Maintenance Charges"	the maintenance charges of RM0.80 per square foot per month, which form a part of the asset management services charges of the UiTM BLMT Project and as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus

"Maintenance Reserve Fund"	the maintenance reserve fund to be jointly established by UiTM and KAS Engineering under the UiTM Concession Agreement
"Malaysian Companies Law"	the Companies Act, 2016 of Malaysia, as amended or supplemented from time to time
"Malaysian Legal Advisers"	Mah-Kamariyah & Philip Koh, the Malaysian legal advisers of our Company
"MCT"	MCT Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, which is owned as to 27.24% by Tan Sri Barry Goh
"MCT Group"	MCT and its subsidiaries
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, conditionally adopted on 3 July 2017 and effective on the Listing Date, as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"MIRB"	Malaysian Inland Revenue Board
"Modular Construction"	Modular Construction Technology Sdn Bhd, a subsidiary of MCT
"Nomination Committee"	the nomination committee of our Board
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed for pursuant to the Global Offering
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares to be issued by our Company pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters under the International Underwriting Agreement, exercisable by the Sole Global Coordinator (on behalf of the International Underwriter(s)) pursuant to the which our Company may be required to allot and issue up to an aggregate of 67,500,000 additional Shares, representing approximately 15% of the initial number of Offer Shares under the Global Offering, at the Offer Price to, cover the over-allocations (if any) in the International Placing, if any, as further described in the section headed

	"Structure and Conditions of the Global Offering – International Placing – Over-allotment Option" in this prospectus
"per cent." or "%"	percentage or per centum
"PRC"	the People's Republic of China and, for the purpose of this prospectus only, excludes Hong Kong, Taiwan and Macau Special Administrative Region
"Premtastic Development"	Premtastic Development Sdn. Bhd., a company incorporated in Malaysia under the Companies Act 1965 with limited liability on 29 April 2014, which is owned as to 50.0% by Dato' Arifin
"Price Determination Agreement"	the agreement to be entered into between our Company and the Joint Bookrunners on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Thursday, 3 August 2017, and in any event no later than Monday, 7 August 2017, on which the Offer Price is fixed for the purposes of the Global Offering
"Principal Share Registrar"	Estera Trust (Cayman) Limited
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Prosper International"	Prosper International Business Limited, a company incorporated in the BVI with limited liability on 8 March 2016 and directly wholly-owned by Tan Sri Barry Goh, and is our Controlling Shareholder
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Reorganisation"	the reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed "History, Development and Reorganisation" in this prospectus
"Reorganisation Deed"	the reorganisation deed dated 6 December 2016 entered into among Tan Sri Barry Goh, Dato Michael Teh, Dato' Arifin, Prosper International, Seeva International, Kingdom Base, our Company, BGMC Malaysia and BGMC Builder

‘‘Reporting Accountants’’	Deloitte Touche Tohmatsu, the auditors and reporting accountants of our Company
“Repurchase Mandate”	the general unconditional mandate given to the Directors by the Shareholders relating to the repurchase of Shares, as further described in the section headed “Appendix IV – Statutory and General Information – Further Information about our Group – 4. Written resolutions of the Shareholders of our Company passed on 3 July 2017” in this prospectus
“RM”	Malaysian ringgit, the lawful currency of Malaysia
“Seeva International”	Seeva International Limited, a company incorporated in the BVI with limited liability on 18 January 2016 and directly wholly-owned by Dato’ Michael Teh, and is our Controlling Shareholder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 3 July 2017 for the benefit of our Directors, members of senior management, employees and other eligible participants defined in the scheme, a summary of the principal terms of which is set forth in the section headed “Appendix IV – Statutory and General Information – Share Option Scheme” in this prospectus
“Sime Darby Group”	Sime Darby Property Berhad and its subsidiaries
“Smith Zander”	Smith Zander International Sdn Bhd, an independent industry consultant commissioned by us to prepare the Industry Report
“SJMC”	Subang Jaya Municipal Council
“Sole Global Coordinator”	Fortune (HK) Securities Limited
“Sole Sponsor”	Fortune Financial Capital Limited, a licenced corporation registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO
“sq. ft.”	square feet

"sq. m."	square metre
"Stabilising Manager"	Fortune (HK) Securities Limited
"Sub-Lease Agreements"	the sub-lease agreements relating to the UiTM BLMT Project as described particularly in the section headed "Business – UiTM BLMT Project" in this prospectus
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tan Sri Barry Goh"	Tan Sri Dato' Sri Goh Ming Choon, our Chairman, Executive Director and Controlling Shareholder
"Tan Sri Kong"	Tan Sri Dato' Seri Kong Cho Ha, our Independent Non-executive Director
"Total External Segment Revenue"	includes the revenue and income from a concession agreement as presented in the consolidated statements of profit or loss and other comprehensive income
"Track Record Period" or "TRP"	FY2014, FP2015, FY2016 and 1H2017
"UiTM"	Universiti Teknologi MARA, a university established under the Universiti Teknologi MARA Act 1976. Under the Act, the university may, with the approval of the Minister of Finance, amongst others, purchase, take on lease or hire or otherwise acquire and invest in any real and personal estates as may be necessary or convenient for any of the purposes of the university
UiTM BLMT Project	The PPP project for the construction of the UiTM Campus under the BLMT model
"UiTM Campus"	The Dengkil campus compound of UiTM
"UiTM Concession Agreement"	The concession agreement dated 14 March 2012 entered into among KAS Engineering, the Malaysian government and UiTM for the construction of the UiTM Campus under the BLMT model
"Underwriter(s)"	the Hong Kong Underwriter(s) and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"U.S. dollars" or "USD" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"WHITE Application Form(s)"	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own name
"YELLOW Application Form(s)"	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS

In this prospectus:

1. *Unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date.*

2. *Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme.*

3. *Unless the context otherwise requires, the terms "associate", "close associate", "connected person", "connected transaction", "controlling shareholder', "core connected person", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules.*

This glossary contains explanations of certain terms used in this prospectus that relate to our business and the industry in which we operate. These terms and their meanings may not always correspond to standard industry definitions or usage of these terms.

"BLMT"	a build, lease, maintain and transfer model for implementing PPP Projects whereby a private company is awarded a concession contract to finance and build public facilities, which are maintained by the private company throughout the concession period while the public facilities are leased back to the public sector, and subsequently transferred to the public sector upon expiry of the concession period
"BLMT Projects"	projects implemented under the BLMT model
"CAGR"	compound annual growth rate
"Construction Industry Standard (CIS)"	the standards specifying requirements on the quality of workmanship and assessment procedures for building construction work as part of the QLASSIC, which are developed by CIDB, as amended from time to time
"*CPC*"	certificate of practical completion
"government-linked company"	a company that has a primary commercial objective and in which the Malaysian government has a direct controlling stake
"high-rise"	buildings above eight storeys
"kV"	kilovolt, a unit of electric potential
"low-rise"	buildings of eight storeys or lower
"PPP"	public private partnership, which involves the transfer to the private sector the responsibility to finance and manage a package of capital investment and services, including the construction, management, maintenance, refurbishment and replacement of public sector assets
"PPP Projects"	projects awarded to the private sector for the financing and management of a package of capital investment and services, including the construction, management, maintenance, refurbishment and replacement of public sector assets
"PFI Programme"	the Private Finance Initiative Programme, a programme of the Malaysian government aimed at facilitating greater participation of the private sector to improve the delivery

	of infrastructure facilities and public service, and establishes key principles on the procurement and implementation of selected public sector infrastructure projects
"QLASSIC "	a system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS). QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
"value engineering"	a systematic and organised approach to provide the necessary functions in a construction project at the lowest cost

This prospectus contains forward-looking statements. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “propose”, “seek”, “should”, “target”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and our operating and expansion plans;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our ability to control costs;
- our ability to identify and successfully take advantage of new business development opportunities; and
- our dividend distribution, if any.

Such statements reflect the current views of our management with respect to future events, operations, profitability, liquidity and capital resources, some of which may not materialise or may change. Actual results may differ materially from information, implied or expressed, in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in the section headed “Risk Factors” in this prospectus and the following:

- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in Malaysia and overseas, including the sustainability of the economic growth in Malaysia and overseas;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- business opportunities and expansion that we may pursue;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practises; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risk factors set out in the section headed “Risk Factors” in this prospectus.

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

THIS HONG KONG PUBLIC OFFERING AND THE PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and the Application Forms for details of the procedures for applying for the Hong Kong Offer Shares.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriter(s), any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

Please refer to the section headed "Structure and Conditions of the Global Offering" in this prospectus for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilisation.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriter(s) pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Joint Bookrunners and us. The Global Offering is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. Please refer to the section headed "Underwriting" in this prospectus for details of the Underwriters and the underwriting arrangements.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme). Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 9 August 2017.

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG BRANCH SHARE REGISTRAR AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offering will be registered on our register of members to be maintained by our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, in Hong Kong. Our principal register of members will be maintained by our Principal Share Registrar, Estera Trust (Cayman) Limited, in the Cayman Islands.

No stamp duty is payable by applicants in the Global Offering.

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriter(s), any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RM amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RM into Hong Kong dollars and vice versa have been made at the rate of RM 1.00 to HK$1.8 in this prospectus.

No representation is made that any amount in RM or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail.

ROUNDING

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

You should carefully consider all of the information set out in this document and, in particular, should consider the following risks before making an investment in our Company. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the Offer Shares could decline due to any of these risks or other factors, and you may lose all or part of your investment.

RISKS RELATING TO OUR BLMT PROJECTS

Our BLMT projects require significant upfront capital investment and we cannot assure you that we will be able to raise sufficient capital in a timely manner.

BLMT projects are generally capital intensive. Due to the nature of the BLMT projects, we do not receive fixed progress payments, and would only receive fixed availability charges and asset management services charges from our customer after completion of the project, therefore our BLMT projects require significant capital investments. We intend to undertake more BLMT projects in the future. Please refer to the sections headed ”Business – Our Strategies – Increase our market share in the construction industry in Malaysia and overseas” in this prospectus for further details.

We have in the past funded our capital expenditure primarily through bank loans. For the three financial years ended 30 September 2016 and 1H2017, the bank borrowings of KAS Engineering for our BLMT projects amounted to nil, RM265.7 million, RM271.9 million and RM252.2 million, respectively. Our ability to access the financing source is dependent on a number of factors outside our control, which include (i) the general market conditions; (ii) the market's perception of the quality of our BLMT projects; (iii) the market's perception of the relevant industry risk; and (iv) the interest rate fluctuations.

In addition, negative sentiment in the capital and credit markets in which we source our financing could lead to commercial banks and other financial institutions being less willing to provide financing or that the cost of such financing would not be commercially acceptable to us. We cannot assure you that we will be able to secure additional bank financing to fund our capital expenditure requirements for our BLMT projects. If we are unable to raise sufficient capital in a timely and reasonable manner for our BLMT projects, our business, financial condition and results of operations may be materially and adversely affected.

Our exposure to counterparty risk may adversely affect our business.

Counterparty defaults of our customers, including UiTM, could adversely affect our business by reducing our revenue and cashflow. We may incur losses as a result of our failure to recover amounts payable to us by a counterparty due to the default and/or bankruptcy of that counterparty or due to unforeseen adverse events occurring, as a result of which we may not receive the full payment pursuant to the relevant contract, or we may incur additional cost or charges. In such an event, our business, financial condition and operating results would be materially and adversely affected.

As at 31 March 2017, our trade receivables due from UiTM accounted for 69% of the total trade and other receivables. Delayed, reduced or missed payments from our customers will decrease our revenue and cashflow. In particular, given the long term nature of the UiTM Concession Agreement, any delayed, reduced or missed payments from UiTM may result in a significant decrease in our cashflow.

We may face material delay in the construction works in respect of our BLMT Projects.

We intend to undertake more BLMT projects in the future. In the event that we are unable to complete the construction works in respect of our future BLMT Projects on the targeted completion date, whether due to our fault or for reasons beyond our control, the non-defaulting party may choose either early termination, or continuation of the relevant BLMT concession agreement subject to rectification of the delay. For further details of the risk relating to early termination of BLMT Projects, please refer to the paragraph headed "Our UiTM BLMT Project may be terminated before the expiry of the Concession Period" below in this section.

However, in the event that there is a material delay in construction works due to our fault and the BLMT Project is not terminated, and that the relevant concession period is a fixed, non-renewable period not subject to extension, we would receive a reduced amount of availability charges and asset management services charges. In the event that there is a delay in construction works due to force majeure events and the BLMT Project is not terminated, we may have to incur substantial costs to restore any substantial damages to the project building and apply to the concession granter for an extension of the concession period, and there is no guarantee that the extension will be approved. In such event, our business, financial condition and operating results would be materially and adversely affected.

We may fail to exercise sufficient control over our employees and sub-contractors and therefore fail to prevent breaches of the UiTM Concession Agreement.

We cannot guarantee that our employees and sub-contractors (including their employees) will comply with our policies or measures or will be able to effectively control their behaviour, and therefore fail to prevent breaches of the UiTM Concession Agreement.

Under the UiTM Concession Agreement, we have the obligation to carry out the asset management services in accordance with certain key performance indicators ("**KPIs**") as specified in the Asset Management Services Manual. In the event we fail to carry out the asset management services in accordance with the KPIs, UiTM may deduct a penalty amount from the asset management services charges or be entitled to terminate the UiTM Concession Agreement. Please refer to the section headed "Business – UiTM BLMT Project" in this prospectus for further details.

In addition, we cannot assure you that all our sub-contractors will be able to carry out the asset management services in accordance with the standards and conditions of the UiTM Concession Agreement. If any resulting breaches of the UiTM Concession Agreement occur, it may materially and adversely affect our reputation, business operation and financial results.

We may be required to make good any defects or faults of the UiTM Campus assets during the Asset Management Services Period at our own expense.

Under the UiTM Concession Agreement, we are responsible at our own expense to make good any defects or faults of the UiTM Campus assets regardless of fault during the Asset Management Services Period, including any defects of assets caused by vandalism. For certain remedial works, we are able to claim such expenses from the Maintenance Reserve Fund subject to approval from UiTM and provided that such remedial works have been specified in the Maintenance Reserve Fund withdrawal conditions and procedures agreed among the parties to the UiTM Concession Agreement. However, in the event that UiTM does not approve our expenses claims for any reason, or the remedial works for the particular defect or fault does not fall within the scope of the maintenance reserve fund withdrawal conditions and procedures, we would have to bear such remedial works at our own expense.

Although we have obtained back-to-back warranties for certain assets and equipment relating to the UiTM Campus and relevant insurance coverage, we cannot assure you that we are able to obtain reimbursement for all our expenses in relation to the making good of defects or faults of the UiTM Campus assets during the Asset Management Services Period and accordingly, our business, financial condition and operating results would be adversely affected.

Our UiTM BLMT Project may be terminated before the expiry of the Concession Period.

Our UiTM BLMT Project generally involves two phases whereby the first phase relates to construction of the project building and the second phase relates to the provision of maintenance services over the Concession Period. The UiTM Concession Agreement may be terminated before expiration of the Concession Period under certain circumstances, which include: (i) force majeure events; (ii) our failure to commence construction works; (iii) our construction works do not conform with the agreed designs and constructions plans; (iv) our failure to provide maintenance services for a continuous period of seven days; (v) such maintenance services are not provided in accordance with the standards as specified in the Asset Management Services Manual; (vi) failure to achieve the KPIs in respect of the asset management services as specified in the Asset Management Services Manual and UiTM has deducted more than 25% of the asset management services charges each month for three consecutive months; or (vii) failure by UiTM to pay the relevant availability charges and/or asset management services charges.

The UiTM Concession Agreement may also be unilaterally terminated by UiTM during the Construction Period or Asset Management Services Period if any event of default occurs, including (i) construction works not carried out in accordance with the approved plans and designs or not completed by the targeted deadlines; (ii) failure to provide asset management services for a continuous period of seven days; or (iii) failure to achieve the KPIs in respect of the asset management services as specified in the Asset Management Services Manual and UiTM has paid more than 25% of the asset management services charges each month for three consecutive months. Please refer to the section headed "Business – UiTM BLMT Project – Termination – Default during the Construction Period" and "Business – UiTM BLMT Project – Termination – Default during Asset Management Services Period" for further details.

The Malaysian government may also unilaterally terminate the UiTM Concession Agreement by expropriating the rights vested in KAS Engineering as a holder of the concession if it considers that such expropriation is in the national or public interest or national security. In the event of a unilateral termination of the UiTM Concession Agreement by the Malaysian government before the expiry of the Concession Period, UiTM shall (i) no later than six months after termination, pay to KAS Engineering the present value of the availability charges for the remaining unexpired Concession Period discounted at the weighted average cost of capital of KAS Engineering as at the termination date less any amounts which may be owed by KAS Engineering to UiTM; and (ii) within sixty days pay KAS Engineering the availability charges and/or asset management services charges due and payable as at the termination date. Further, KAS Engineering shall be entitled to the balance of the money in the Maintenance Reserve Fund as at the termination date less any amount incurred by it for the purpose of the Asset Management Programme. Please refer to the section headed "Business – UiTM BLMT Project" in this prospectus for further details on the termination events and consequences of termination under the UiTM Concession Agreement.

We cannot assure you that the UiTM Concession Agreement will not be terminated before the expiration of the Concession Period. If the UiTM Concession Agreement is terminated for whatever reason, our business, financial condition and operating results would be materially and adversely affected.

There may be events of default or cross-default provisions under our bank borrowings relating to the UiTM BLMT Project that entitle our lenders to terminate such financing.

We are subject to certain events of default or cross-default provisions under the terms of our bank borrowings relating to the UiTM BLMT Project. We have a high gearing ratio and may not have sufficient resources to repay the outstanding bank borrowings. Failure by us to meet any payment obligations or to comply with any affirmative covenants, such as maintaining specific financial ratios, or any violation by us of any restrictive covenants may constitute an event of default under the terms of our borrowings. If an event of default occurs or a cross-default provision is otherwise triggered, our lenders will be entitled to accelerate payment of all or any part of the outstanding indebtedness and may terminate all commitments to extend further credit. If any event of default were to occur or a cross-default provision were to be triggered, our business, financial condition, results of operations, reputation and cash flow could be materially and adversely affected.

RISKS RELATING TO OUR CONSTRUCTION SERVICES BUSINESS

Our business operates under various licences and certificates and the loss of or failure to obtain or renew any or all of these licences and certificates could materially and adversely affect our business.

The Malaysian construction industry is highly regulated, with various government bodies governing the approval of licences and certificates including the CIDB, which governs the operations of our Group in Malaysia. As such, we are bound by the terms of the licences and certificates awarded by such authority, which dictates the types and nature of activities we engage in. These licences and certificates also accord us privileges such as the ability to submit and participate in tenders for construction projects throughout Malaysia without restriction in the maximum value of the projects.

Under the Construction Industry Development Act Malaysia 1994, it is mandatory for all contractors (whether main contractors or sub-contractors) to register with the CIDB before undertaking and completing any construction work in Malaysia. As at the Latest Practicable Date, all our operating subsidiaries undertaking construction works have obtained the requisite licences, permits and approvals for the conduct of our operations. In particular, BGMC Corporation is currently a Grade G7 contractor registered with the CIDB and with this Grade G7 registration grade, BGMC Corporation has the capacity to tender for construction projects without restriction in the maximum value of the projects. All licences and certificates are granted subject to our compliance with conditions imposed by the relevant authorities and/or under the relevant laws, rules or regulations. Such licences and certificates are valid for a limited period of time and subject to periodic reviews and renewal by the relevant authorities. Please refer to the section headed “Business – Licences and Permits” in this prospectus for further details of the licences of our Group and relevant validity periods.

As at the Latest Practicable Date, our Group has not experienced any revocation or suspension of our licences and certificates prior to their expiration. We have also been successful in renewing our existing licences and certificates with the relevant authorities, and obtaining new licences where required. However, there can be no assurance that our licences and certificates will not be revoked or suspended prior to their expiration. There can also be no assurance that we will be able to renew such licences, certificates or other clearances from the relevant authorities. CIDB may revoke or suspend our licences or certificates if certain conditions are not met, such as the payment of construction works levied within the prescribed period. Please refer to the section headed "Laws and Regulations – Laws and regulations in Malaysia – Laws and regulations relating to construction activities in Malaysia – Construction Industry Development Act Malaysia 1994" in this prospectus for further details. Any revocation or non-renewal of our licences and certificates by the relevant authorities or failure on our part to obtain new licences and certificates from the relevant authorities if required will have a material impact on our ability to continue our business operations and affect our profitability.

We rely on the construction contracts granted by our customers, and we are subject to the risks associated with the competitive tendering process.

We rely on the construction contracts granted by our customers. Our five largest customers accounted for 72.7%, 68.6%, 65.0% and 71.8%, respectively, of our total revenue for the three financial years ended 30 September 2016 and 1H2017.

There can be no assurance that the Group will continue to be successful in securing construction contracts from our customers in the future. We could not guarantee that our business strategy in diversifying our customer base by capturing projects from established property developers and government-linked companies will be successful to reduce the reliance on our existing customers for revenue contribution. In the event that there is a significant reduction of construction contracts from our existing customers in terms of contract value or number and we fail to secure construction contracts from new customers, our business and profitability may be adversely affected.

In addition, our construction business operates on a non-recurring and project-by-project basis. While we maintain business relationships with our five largest customers for an average of over three years, we do not have long-term commitments with our customers. Furthermore, the majority of our construction projects were awarded through tendering from our selected group of customers. We were awarded 20, 14, 14 and 3 construction contracts out of the 38, 61, 93 and 25 tenders we submitted for the three financial years ended 30 September 2016 and 1H2017 respectively. Our overall success rate in tendering contracts was 52.6%, 23.0%, 15.1% and 12.0% for the three financial years ended 30 September 2016 and 1H2017 respectively during the Track Record Period, details of which are set out in the section headed "Business – Our Business Process – 2. Tendering and tender assessment" in this prospectus.

Our Directors believe that there has been considerable competition in tendering for construction works in the projects from our customers and we will face the same competitive tendering challenges even we successfully diversify our customer base. Our ability to secure construction contracts out of our tenders is critical to our success. However, there is no guarantee that we will be able to achieve our past or higher success rates in tendering construction contracts after the Listing or that we will be able to secure new contracts from our existing or new customers. In the event that we are unable to succeed in our competitive tenders or maintain business relationships with our existing customers, our revenue and results of operations will be adversely affected.

We estimate construction time and costs in determining the tender price. However, the actual implementation of a project may not accord with such estimation due to cost overruns and/or other related construction risks.

In Malaysia, construction contracts are generally awarded through competitive tendering process. In determining the tender price, we primarily take into account the construction time and costs involved in the project.

During the Track Record Period, our revenue was substantially derived from the certified value of works under the contracts which were determined on a fixed-price or fixed-unit-price basis. The actual time and costs involved in completing our construction projects may be substantially increased by many factors, including shortage and cost escalation of materials and labour over the term of a contract, adverse weather conditions, variations (due to changes to the construction plans requested by our customers or other technical requirements), disputes with sub-contractors, accidents and other unforeseen problems and circumstances. Any of these can give rise to material delay in completion of construction works, cost overruns or even unilateral termination of projects by our customers. There is no assurance that the actual construction time and costs would not exceed our estimation during the implementation of the project, which often takes several months or years to complete.

Generally, if our estimates of the overall risks, anticipated revenue or costs for setting our tender prices prove inaccurate under changing circumstances, we may experience lower profitability or even losses on our contracts, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be involved in construction and/or labour disputes, legal and other proceedings arising out of our operations from time to time and may face significant legal liabilities as a result.

We may be involved in disputes with our customers, suppliers, sub-contractors or other relevant parties from time to time in relation to various matters, including delay in completion of construction works, personal injury claims, complaints about the quality of completed works and damages to construction machinery rented to our customers.

Further, disputes may arise between us and the main contractor or customer (as the case may be) as to the value of work properly done in a particular period and the progress payment that we are entitled to in the relevant period. In some projects, the sub-contracting agreement may contain a variation clause which allows the customers and/or the main contractors to vary the sub-contracted works. The value of such variation works is generally ascertained with reference to the rates and prices specified in the sub-contracting agreement for similar work and/or the prevailing market rate. In the event that we disagree with such valuation results, contractual disputes with our customers may arise.

There is no assurance that we may be able to resolve every occasion of dispute amicably by way of negotiation and/or mediation with the relevant parties. If we fail to do so, it may lead to legal and other proceedings against us, and consequently we may have to incur extensive expenditure in defending ourselves in such actions. If we fail to obtain favourable outcome in such proceedings, we may be liable to pay significant sums of damages which may adversely affect our operations and financial results.

If we fail to complete our works on time or at all, we may be required to pay liquidated damages or other penalties.

Construction projects are subject to certain completion timetables and budgets. Our construction works may be materially delayed or disrupted due to unforeseen circumstances that are beyond our expectation or control, including unexpected geological conditions, unforeseen engineering challenges, unfavourable environment or site conditions issues and adverse weather conditions. The timely completion of construction projects also depends on various external factors, which may include securing the necessary permits or approvals from relevant government agencies or authorities on a timely basis, adequacy in the supply of raw materials and availability of workers. While we have not experienced any material adverse financial effects from material delay in completion of our construction projects, any material delay or disruption to our construction works may result in project cost overruns and may attract negative reputation and legal uncertainties such as the imposition of liquidated agreed damages ("**LAD**") if the delay is caused by us and that time extension for project completion is not approved by our customers.

LAD may be deducted from our progress payments or the balance payment under the contract. If our progress payments are insufficient for the set off, our total revenue generated from the project and accordingly our profitability of the project would be reduced. As such, timeliness in completing construction projects is vital in upholding our Group's financial performance and our Group's reputation in the construction industry.

In addition, our customers may instigate legal proceedings or litigations against us for any losses sustained by them if we or any of our sub-contractors fail to complete projects in accordance with the terms specified in the relevant contracts. We may need to protect our interest through litigations, the outcome of which is uncertain and may divert our management's attention from our business operations and possibly result in significant legal costs. These litigation costs, together with the payment of damages, could adversely affect our profitability and financial performance.

Our Group does not have long-term contracts with our sub-contractors or suppliers, and there is no assurance that they will continue to provide adequate supplies or services to us at fees and quality acceptable to us in future.

For the three financial years ended 30 September 2016 and 1H2017, the sub-contracting costs paid to our Group's five largest sub-contractors accounted for approximately 79.8%, 65.3%, 23.1% and 24.8% of our Group's total sub-contracting costs, respectively. Our largest sub-contractor for FY2014 and FP2015, a subsidiary of the MCT Group, amounted for approximately 55.1% and 56.7% of our total sub-contracting costs, respectively, for the same period. The reason for the decrease in the sub-contracting fees paid to our Group's largest sub-contractor for FY2016 is mainly due to the completion of the sub-contracted construction works of the UiTM Campus to the MCT Group in September 2015. During the same period, our purchases from our five largest suppliers accounted for 32.0%, 36.9%, 34.7% and 36.8% of our total purchases, respectively. As we have not entered in long-term contracts with our sub-contractors or suppliers, there is no assurance that our sub-contractors will be able to continue providing services to our Group at fees and quality acceptable to us or our suppliers are able to provide us with adequate supplies in future. In the event that any of sub-contractors are unable to provide the required services to our Group or their costs for providing the required services increase substantially, or our suppliers experience a shortage of materials, our business, results of operations, profitability and liquidity may be adversely affected.

We may fail to exercise sufficient control over our employees and sub-contractors, and therefore fail to prevent accidents and breaches of law.

We have implemented a number of policies to provide guidance and measures to oversee our employees and sub-contractors (including their employees). Please refer to the section headed "Business – Workplace Safety" in this prospectus for further details about our policies for occupational health and safety. However, we cannot guarantee that our employees and sub-contractors (including their employees) will fully comply with our policies or measures, or will be able to effectively control their conduct, and therefore fail to prevent accidents or breaches in law. If any breaches occur in the future, it may materially and adversely affect our reputation, business operation and financial results.

We rely on certain key personnel and qualified professionals, and loss of these key personnel or failure to recruit and retain qualified professionals could have a material and adverse effect on our results of operations.

Our success and growth depends on our ability to identify, hire, train and retain suitable skilled and qualified employees, including management personnel with the requisite industry expertise. Tan Sri Barry Goh and Dato' Arifin, our Executive Directors, have over 20 and 23 years of experience in the construction industry, respectively. Our Executive Director, Dato' Michael Teh has over 10 years of experience in the construction field. After he became an Executive Director of BGMC Corporation, he helped us to expand into a diversified construction group. Our senior management also have considerable long working experience in their respective professions.

The loss of any of our Executive Directors or significant number of our senior management may have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. Competition in recruitment for such personnel is intense, and any failure to recruit and retain the necessary management personnel in a timely manner could harm our business and prospects.

Our Group is particularly reliant on our professional team of quantity surveyors, engineers and technicians for the preparation of tenders for contracts submitted to our customers. The ability of our Group to maintain the loyalty of our management team members is vital to our Group's continual business operations and generation of income. There is no guarantee that such working relationships will be maintained in the future.

Non-compliance with tax regulations or CIDB registration requirements could lead to imposition of penalties or other penalties.

During the Track Record Period, BGMC Corporation failed to file its tax return for the year of assessment 2014 within the prescribed period under section 77A(1) of the Income Tax Act 1967 of Malaysia ("**Income Tax Act**"). In addition, Headway Construction and Built-Master Engineering did not hold a certificate of registration under the CIDB Act to carry out construction works since their establishment up to 23 November 2016 and 8 November 2016 respectively. Please refer to the section entitled "Business – Legal Compliance" of this prospectus for further details of these non-compliances. There is no assurance that we will not be subject to penalties, fines or orders imposed by the relevant authorities as a result of such non-compliance incidents. Any such penalties, fines or orders may have an adverse effect on our financial condition and results of operations.

Any failure to maintain effective quality control system in our Group could have a material adverse effect on our business and operations.

We believe that the reputation and brand name that we have built up over the years play a significant role in enabling us to attract customers and secure projects. The promotion and enhancement of our reputation and brand name depend largely on our ability to provide quality and timely service to our customers. If we fail to do so or our customers no longer perceive our services to be of high quality, our brand name and reputation could be adversely affected which will in turn materially and adversely affect our business, financial condition and results of operations.

In order to maintain our quality of service, we need to continue to maintain an effective quality control system for our project management service and works provided to our customers. The effectiveness of our quality control system depends significantly on a number of factors, including a timely update of our quality control system and our training programme to suit the ever-changing business needs, as well as our ability to ensure that our quality control policies and guidelines are adhered to. Please refer to the section headed "Business – Quality Management System" in this prospectus for further details on our quality control measures. Any failure or deterioration of our quality control system could result in defects in our works, which in turn may jeopardise our reputation, reduce demand for our services or even subject us to contractual liabilities and other claims. Any such claims, regardless of whether they are ultimately valid, could cause us to incur significant costs, harm our reputation and/or result in significant disruption to our operations. Furthermore, if any of such claims were ultimately valid, we could be required to pay substantial monetary damages or penalties, which could have a material adverse impact on our business, financial condition and results of operations.

Our customers pay us by way of progress payment and usually require retention money, and there is no guarantee that progress payment is paid to us on time and in full, or that retention money is fully released to us upon completion of a project.

We normally receive progress payment on construction projects from our customers on a monthly basis, with reference to the value of work done. A portion of contract value, typically 5% of the total contract sum, is usually withheld by our customers as retention money from the progress payment to us and will generally be released after the guaranteed maintenance period. For the three financial years ended 30 September 2016 and 1H2017, retention money of approximately RM14.4 million, RM28.8 million, RM39.1 million and RM59.2 million, respectively was retained by our customers. While the retention money would normally be released in equal proportion upon completion of the project and the end of the defect liability period, respectively, there can be no assurance that progress payments and retention money or any future retention money will be remitted by our customers to us on a timely basis. Any failure by our customers to make timely or full remittance may have an adverse effect on our future liquidity position.

Our cash flows may deteriorate due to potential mismatch in time between receipt of progress payments from our customers, and payments to our sub-contractors and suppliers.

We delegate specific work tasks to different sub-contractors from time to time. We also rely on machinery and equipment to carry out our operations, and need to purchase various construction materials such as concrete and steel to complete our works. As such, we would record significant cash outflow in the event that we take up too many substantial projects during a particular period of time.

We rely on cash inflow from our customers to meet our payment obligations to our sub-contractors and suppliers. Our cash inflow is dependent on prompt settlement of progress payments, and timely release of retention monies by our customers. There is no assurance that our customers can pay us on time and in full upon respective payment period. Any failure by our customers to make payment on time and in full may lead to mismatch on cash flow which adversely and materially affect our cash flow and financial performance.

We had experienced net current liabilities as at 30 September 2015 and 2016 and negative cash flow from operating activities for FP2015 and 1H2017. Failure to manage our liquidity situation could expose us to difficulties to obtain adequate financing for our business in the future.

As at 30 September 2015 and 2016, we had experienced net current liabilities, which primarily resulted from the consideration payable for acquisition of the BGMC Group. This is a one-off acquisition and does not affect our normal business operations. For FP2015 and 1H2017, we recorded negative cash flow from our operating activities of approximately RM47.7 million and RM13.4 million respectively. The negative cash flow from our operating activities of RM47.7 million in FP2015 was primarily attributable to increase in trade receivables due to longer collection periods, while the negative cash flow from our operating activities in 1H2017 of RM13.4 million was a combined result of operating cash inflow before changes in working capital of RM42.8 million, income tax paid of RM4.5 million and change in working capital of RM51.7 million. For details, please refer to the sections headed "Financial information – Working capital" and "Financial Information – Cashflow – Operating activities" in this prospectus. Historically, we have met our working capital and other liquidity requirements principally from cash generated from our operations and banking facilities. We cannot assure you that our operations will generate sufficient cash inflow to finance all our activities and cover our general working capital requirements. In the event that we are unable to generate enough cash from our operations to finance our future development, our financial condition and results of operations will be adversely affected.

Our insurance may not fully cover all the potential losses arising from our operations.

Our insurance policies may not fully cover all the potential losses incurred from damages or liabilities in relation to our business operations. There are certain exposures which are generally excluded from the insurance policies that we have procured or which are not commercially viable to procure for market reasons. Such exposures may include potential losses due to war, terrorism, pollution, fraud, professional negligence and acts of God. Our insurers may become impaired and find themselves financially unable to meet claims. For more details of our insurance, please refer to the section headed "Business – Insurance" in this prospectus.

We currently maintain insurance coverage that we believe is typical in the construction services industry in Malaysia and in amounts that we believe to be in line with the customary practise of other construction services companies. In the event that we suffer from any losses, damages or liabilities in the course of our business operations beyond our existing insurance coverage, we may not have sufficient funds to cover such losses, damages or liabilities. Any resulting payment from our own source to cover such losses, damages or liabilities may have a material adverse effect on our business, results of operations and financial position.

Failure to comply with our health and safety and environmental responsibilities may adversely affect our operations and profitability.

Under the relevant laws of Malaysia, construction works are required to fulfil certain health and workplace safety and environmental responsibilities. The relevant applicable legislations or regulations to which our day to day construction operations are subject to include the Occupational Safety and Health Act 1994, the Destruction of Disease-Bearing Insects Act 1975, the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, the Street, Drainage and Building Act 1974 and the Environmental Quality Act 1974. Please refer to the section headed "Laws and Regulations" in this prospectus for further details of the applicable laws and regulations we are subject to.

In the past, there have been instances where stop work and clean up orders have been issued by the relevant authorities under the Destruction of Disease-Bearing Insects Act 1975 in connection with the cleanliness of our worksites and the requirements to prevent the propagation disease-bearing insects and we have taken the necessary action to resolve or address these incidents. Due to the intrinsic nature of construction activities, which often involves complex activities being carried out by teams of workers, we remain exposed to the occurrence of accidents and potential resultant workplace safety and health liabilities and workplace accidents and incidents caused by human error and other typical risks associated with carrying out construction works.

Further, all our construction activities generate dust, waste and noise pollution. We are required to comply with various environmental laws and regulations relating to water, air and noise pollution, and the disposal of waste materials. Any failure to comply with such health and workplace safety requirements and environmental laws and regulations may result in penalties and in serious cases, closure of our construction sites, which in turn, adversely affect our business operations and financial conditions.

Construction industry is highly labour intensive and we rely on a stable supply of labour to carry out our projects.

Construction projects involve labour intensive works. For any given project, a large number of workers with different skills may be required. The industry in which we operate is also heavily dependent on the employment of foreign workers due to the shortage of local workers in the construction industry in Malaysia and we expect this shortage to continue in future. While the employment of foreign workers is currently allowed in the construction industry, these foreign workers can only be sourced from specific countries as determined by the Malaysian government. Additionally, the Malaysian government may amend policies relating to the employment of foreign workers in the construction industry or introduce new conditions from time to time.

As our operations are highly dependent on the supply of foreign workers, any shortage of in supply or delay of registration of foreign workers by the employment agencies we engage would adversely affect our business. Should the Malaysian government amend its policies or impose any restrictions or amend any limits on the number of foreign workers to be involved in our construction projects, the completion of our construction projects may be delayed and our business operations and financial performance would be adversely affected.

Our performance is dependent on market conditions and trends in the construction industry and in the overall economy which may change adversely.

Most of our operations and management are currently located in Malaysia. Any policy that may have a negative impact on investment sentiment in Malaysia may adversely affect the general economy of Malaysia and hence the prospects of the construction industry in Malaysia. In addition, the future growth and level of profitability of the construction industry in Malaysia are likely to depend primarily on the continued availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the Malaysian government's spending pattern on the construction industry in Malaysia, the market cycles of the property market in Malaysia which affects the demand for construction projects, and fluctuation in the prices of construction materials such as steel. These factors may affect the availability of construction projects from the public sector, private sector or institutional bodies. According to the Industry Report, there is a softening in Malaysia's property market particularly in the residential property segment partly attributable to cautious sentiments among buyers and measures to contain accelerating house prices. The fall in awarded project values in 2015 and 2016 was largely due to a slowdown in demand in the property market, in line with lower economic growth in Malaysia in 2016 which has resulted in slower project starts. The increase in property prices due to higher construction costs may result in a further decrease in property demand and consequently, construction services. Nevertheless, Smith Zander expects the demand within the residential property market in Malaysia to increase over the longer term due to greater demand for affordable housing which is supported by several government-driven initiatives under the 11MP and Budget 2017. However, in the event of a decrease in demand for construction services and demand in the residential property market in Malaysia is weak over the longer term, our overall business and results of operations and profits could be materially and adversely affected.

There are also other factors affecting the construction industry, including cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects. If Malaysia experiences any adverse economic conditions due to events beyond our control, such as local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations and profits could be materially and adversely affected.

We intend to increase our market share within the construction industry overseas. Please refer to the section headed "Business – Our strategies – Increase our market share in the construction industry in Malaysia and overseas" for further details. In the event we increase our reach to overseas markets, we may face similar risks as set out herein and are subject to the market conditions and trends in the construction industry and in the overall economy of the relevant overseas market, and thus our overall business and results of operations and profits could be materially and adversely affected.

We operate in a highly competitive industry.

According to the Industry Report, we operate in a highly competitive industry with a large pool of diversified and pure-play industry players that compete for public and private, commercial and industrial and infrastructure construction projects. Some of our competitors may have stronger brand names, greater access to capital, longer operating histories, more established relationship with their customers, and greater marketing and other resources than we do. Due to the evolving market in which we compete, additional competitors with significant market presence and financial resources may enter the market provided that they have the relevant expertise, qualifications and are granted the requisite licences, thereby intensifying the competition. These competitors may reduce our market share by adopting more aggressive pricing policies or by developing services that gain wider market acceptance than our service.

In addition, our market position depends on our ability to anticipate and respond to various competitive factors, including effective cost control, technical expertise and timely completion of the contracts to meet customers' project completion schedules. There can be no assurance that the competition in the tendering process will not intensify in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Weather conditions, natural disasters, acts of God, political unrest and other events may have negative impact on the construction industry.

Weather conditions, natural disaster and other acts of God which are beyond our control may materially and adversely affect the economy, the construction industry and our business, as a result of which our operations and financial condition may be adversely affected. Political unrest may also cause damage or disruption to our business, our employees and our markets, any of which could materially and adversely affect our overall results of operations and financial condition. In addition, power failures, fire or explosions or other natural disasters could cause disruption in our operations or cause delays in our project completion schedules.

Our business is affected by changes in applicable rules and regulations.

Our operations and financial results could be adversely affected by changes in government policies, relevant laws and regulations. As a licenced construction service company in Malaysia, we have to ensure, at all times, strict compliance with all applicable laws and regulations, in particular, our operations are governed by the terms of the licence granted by CIDB, which sets out the types and nature of activities which a construction company in Malaysia is allowed to undertake. In addition, we are subject to laws and regulations that govern our conduct of construction services. Furthermore, the construction works carried out at construction sites are often subject to the guidelines of the local authorities and the directives and terms imposed by local authorities, from time to time. Please refer to the section headed "Laws and Regulations" in this prospectus for more details.

The regulatory authorities may from time to time amend existing or adopt new laws and regulations applicable to licenced construction service companies in Malaysia. These changes may impose new restrictions on the way we operate or expand our business or require additional licences or permits for our business operations. In this connection, there is no assurance that we are able to comply with the new requirements, including significant modification or cessation of part or whole of our current or future operations, on a timely basis. Furthermore, any failure by us to adhere to the applicable laws and regulations may result in imposition of penalties or regulatory action by the relevant governmental authorities. Any of these actions may have an adverse impact on our business, operation results and financial conditions. Except as disclosed in the section headed "Business – Legal Compliance" and "Business – Legal Proceedings" in this prospectus, our Directors confirmed that since the commencement of our operation up to the Latest Practicable Date, there had not been any material breach of any applicable laws and regulations on the part of our Group.

RISKS RELATING TO ACQUISITIONS

Our historical growth by acquisitions may not be sustainable in the future.

We achieved a strong growth in both of our revenue and profits during the Track Record Period through a series of acquisitions. Please refer to the section entitled "Business – Our Acquisitions during the Track Record Period" of this prospectus for further details. Going forward, and in line with our growth strategy, we intend to increase our market share in the construction industry in Malaysia and overseas via mergers and acquisitions through collaborations, joint ventures or partnerships as and when suitable opportunities arise. Please refer to the section entitled "Business – Our Strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" for further details.

We do not guarantee that we will be able to identify suitable opportunities. Even if we are able to identify suitable opportunities, due to regulatory or financial constraints, we may not be able to complete the acquisitions or collaborations as mentioned on terms acceptable to us, or in a timely manner, or at all. The inability to identify suitable acquisition or collaboration targets or complete the acquisitions or collaborations could materially and adversely affect our growth prospects and competitiveness. The acquisitions or collaborations also involve uncertainties and risks, including but not limited to:

- potential ongoing financial obligations and unforeseen or hidden debt liabilities or litigation with third parties;
- inability to apply our business model on the acquisition or collaboration targets;
- failure to retain the employees of the acquisition or collaboration targets;
- failure to realise the intended objectives, benefits or revenue-enhancing opportunities; and
- diversion of resources and management attention.

Such difficulties could disrupt our ongoing business, distract our management and employees or increase our costs, any of which could materially and adversely affect our business, financial position and results of operations.

Any acquisitions or strategic investments that we have undertaken could be difficult to integrate, which may adversely affect our operations.

We have in the past acquired or strategically invested in construction or BLMT project companies. Please refer to the sections headed "History, Development and Reorganisation – History and Development – Corporate History" in this prospectus for more information on our recent acquisitions.

Any anticipated benefits of an acquisition or a strategic investment we have undertaken may not be realised. Acquisitions of or strategic investments in other construction or BLMT project companies may result in the incurrence of debt or involve numerous risks, including difficulties in the assimilation of operations and personnel of the acquired business, diversion of management's attention from other business concerns, risks of entering into new markets, and the potential loss of key employees of the acquired business. Such risks may materially and adversely affect our business, financial condition and operating results.

Construction businesses we acquire or BLMT projects in which we undertake in the future may not be as profitable as we expect, or may be loss making, and may subject us to additional risks and liabilities.

We intend to pursue growth opportunities overseas, and in particular, in construction businesses and BLMT project market by entering into investments by way of collaboration, partnership arrangements or merger and acquisition arrangements within suitable geographical markets should suitable opportunities arise. Please refer to the section headed "Business – Our Strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" in this prospectus for information on our plans on future acquisitions or strategic investments.

The businesses that we acquire or invest in may not be as profitable as we expect, or may be loss making. Acquisitions or investments that we carry out in the future may cause us to incur liabilities, or result in the impairment of goodwill or other intangible assets or other related expenses. Business expansion carried out through acquisitions and investments could also expose us to successor liabilities and litigations resulting from the actions of the company we have acquired or in which we made an investment before or after the acquisition or investment. The due diligence that we conduct in connection with an acquisition or investment may not be sufficient to discover unknown liabilities, and any contractual guarantees or indemnities that we receive from the sellers of the companies we have acquired or invested in may not be sufficient to protect us from, or compensate us for, actual liabilities that we incur. Any material liability associated with an acquisition and investment could adversely affect our reputation and reduce the benefits of the acquisition and investment. Any of the events mentioned above could have a material and adverse effect on our business, financial position, results of operations and prospects.

We may require substantial capital for investing in or acquiring future construction businesses or BLMT projects and failure to obtain capital on terms acceptable to us may increase our financing costs and cause delays in our expansion plans.

Our growth strategy includes the investment in or acquisition of new construction businesses or BLMT projects on commercially reasonable terms. Please refer to the section headed "Business – Our Strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" in this prospectus for information on our plans on future acquisitions or strategic investments. In this regard, we may have to rely on debt financing for the expansion of our business.

Our ability to arrange financing and the cost of that financing are dependent on numerous factors, including but not limited to:

- general economic and capital market conditions;
- credit availability from banks or other lenders;
- restrictive covenants or undertakings in existing financing arrangements; and
- the continued performance of our construction and BLMT projects.

There can be no assurance that international or domestic financing for future acquisition of construction businesses or BLMT projects will be available on terms favourable to us, or at all, which could force us to delay, reduce or abandon our growth strategy and/or increase our financing costs, resulting in a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO MALAYSIA

Changes in the political, economic and social conditions, laws, regulations and policies of Malaysia may have an adverse effect on us.

Our business prospects, financial condition and prospects of the industry in which we operate will depend to some degree on the developments of the economic, political and regulatory front in

Malaysia. Any adverse developments in the political, economic and regulatory environment including prolonged and/or widespread economic slowdown in Malaysia would affect our business and profitability. Any uncertainty in the global and local economies would affect investors' confidence, which will correspondingly have a negative impact on the construction industry in Malaysia.

We may also be affected by any change in inflation rates, interest rates, and foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and/or unfavourable changes in regulatory and government policies relating to the construction industry in Malaysia. Such political and/or regulatory changes in and uncertainties include, but not limited to, the introduction of new or revised laws and regulations which may impact and/or impose restrictions on the construction industry, political developments, risk of war, expropriation, nationalisation, financial and banking policies and guidelines and renegotiation or nullifying of contracts. There can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not materially affect our Group's businesses.

Similarly, any widespread and/or prolonged economic slowdown would affect business and consumer confidence, and subsequently decrease economic activities in Malaysia, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

We may be subject to tax audit and investigation in Malaysia.

The Malaysian tax regime is based on a self-assessment system. Persons chargeable including companies in Malaysia have legal obligations to make self-assessment on the tax payable and file necessary tax returns annually with their remittance of tax. MIRB is empowered by the Malaysian Income Tax Act 1967 to carry out audit and investigation on persons chargeable to determine, inter alia, whether their tax returns are accurate and complete. The Malaysian Income Tax Act 1967 also empowers MIRB to impose additional tax and/or penalties on persons chargeable if MIRB determines that the persons chargeable are in fact subject to more tax payables than are reported in the self-assessed tax returns.

We calculate the amount of our taxes and make payment thereof in accordance with the applicable tax laws. We may be subject to additional taxes or penalty if MIRB have a different view from us with respect to our self-assessed tax payables in our filed tax returns. As we may be subject to tax audit and investigation by MIRB from time to time, in the event that MIRB imposes additional tax or penalty on our Group, our profit margin may decrease and consequently our financial results may be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for Shares in our Company.

Prior to the Global Offering, there has been no public market for any of the Shares. The Offer Price may not be indicative of the price at which the Shares will be traded on the Stock Exchange following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for the Shares will develop or, if it does develop, that it will be sustained following completion of the Global Offering or that the market price of the Shares will not fall below the Offer Price.

The trading volume and market price of Shares in our Company may be volatile.

The trading price of the Shares can also be subject to significant volatility in response to, among other things, the following factors:

- investors' perception of our Group and our future business plan;
- variation in the operating results of our Group;
- changes to our Group's Board of Directors or senior management;
- the depth and liquidity of the market for the Shares; and
- general economic and other factors in the construction industry in Malaysia.

Our Company's share price may be affected if additional Shares are issued and/or sold by our Controlling Shareholders.

The disposals of a substantial number of the Shares in the public market after the Global Offering, or the public perception for the possibility for such disposals, could adversely affect the market price of the Shares. Except as otherwise described in the section headed "Underwriting – Undertakings given to the Stock Exchange pursuant to the Listing Rules – By our Controlling Shareholders" in this prospectus, there are no restrictions imposed on our Controlling Shareholders to dispose of their shareholdings. Any major disposal of Shares by our Controlling Shareholders may cause downward pressure on the market price of the Shares. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price our Directors deem appropriate, thereby limiting our Group's ability to raise capital.

Our declaration or distribution of dividend will be subject to various factors and there can be no assurance that we will declare or distribute any dividend in the future.

No dividend had been declared or distributed by our Company since its incorporation up to and including the Latest Practicable Date. There can be no assurance that in the future our Company will pay dividends. The payment and the amount of any dividends in the future will depend on various factors, including but not limited to, the results of operations, cash flows, financial position, statutory and regulatory restrictions on the payment of dividends by our Company and future prospects.

Dividends may be paid only out of our Group's distributable profits as permitted under the relevant laws. Our Company's ability to pay dividends will therefore depend on its ability to generate sufficient distributable profits. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our Group's operations and may therefore limit its further development. Therefore, there can be no assurance that our Company will declare dividends at all in the future. Future dividends, if any, will be at the absolute discretion of the Board and will depend upon our Group's future results of operations, capital requirements, general financial position, legal and contractual restrictions and other factors the Board may deem relevant.

After the Listing, declaration of dividends will be subject to the recommendation of our Board after considering the above factors. Subject to the factors described above, our Board intends to recommend dividends of no less than 30% of our net profit available for distribution to the Shareholders in a financial year.

Purchasers of Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

Our Directors will constantly seek opportunities to pursue further growth and development of our business. As such growth and costs in relation thereto cannot be predicted at this juncture, the proceeds raised from the Global Offering may not be sufficient to cover them. As a result, secondary issue(s) of securities after the Global Offering may be necessary in the future as a means to obtain the required capital for capturing such growth opportunities.

New Shares issued to existing and/or new Shareholders after the Global Offering may be priced at a discount to the then prevailing market price of the Shares traded on the Stock Exchange. Under such circumstances, existing Shareholders' equity interests may be diluted. In the event of any failure to utilise the new equity to generate a commensurate increase in the earnings, the earnings per Share of our Company will be diluted, which may result in a decline in the Share price.

Apart from equity funding conceived above, our Group may also need to raise additional capital through debt financing, which may, however, increase interest expense and our gearing ratio, and contain restrictive covenants regarding dividends, future fund-raising exercises and other financial and operational matters.

Certain facts and other statistics contained in this prospectus are derived from various official government and third party sources and may not be reliable.

Certain facts and others statistics contained in this prospectus relating to Malaysia and the construction industry in Malaysia have been derived from various official government publications and third party sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy and completeness.

Investors should not rely on any information contained in press articles or other media regarding our Group and the Global Offering.

Our Directors wish to emphasise to prospective investors that they do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media and such information was not sourced from and/or authorised by our Group. Our Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media. To the extent that any information contained in any press article or other media are inconsistent with, or conflicts with, the information contained in this prospectus or any announcement published by our Company, our Group disclaims all responsibility of all such information contained in any press articles or other media and all liability associated therein. Accordingly, prospective investors should not rely on any of the information in any press articles or other media.

There is a possibility that forward-looking statements contained in this prospectus may not materialise.

Included in this prospectus are various forward-looking statements which can be identified by the use of forward-looking terminology such as “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “propose”, “seek”, “should”, “target”, “will”, “would” or by the negative of any of these terms or comparable terminology, or by discussions of strategy or intentions. Reliance on any of such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our Group’s actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on assumptions regarding our Group’s present and expected future business strategies and the environment in which our Group will operate in the future. Important factors that could cause our Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the loss of our Group’s key personnel and changes relating to Malaysia and global economic and business conditions, and other risk factors discussed above. In light of these risks and uncertainties, such forward-looking statements should not be regarded as representations by our Company that the plans and objectives will be achieved, and prospective investors should not place undue reliance on such statements.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, an issuer must have a sufficient management presence in Hong Kong and in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

Our core business and operations are substantially based in Malaysia. It would be practically difficult and commercially unnecessary for us to relocate two of our Executive Directors to Hong Kong. Therefore, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

(1) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange and ensure that we will comply with the Listing Rules at all times. The two authorised representatives appointed are Dato' Michael Teh, our Executive Director and Kwok Siu Man, our company secretary. Kwok Siu Man is ordinarily resident in Hong Kong. Each of our authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives will be authorised to communicate on our behalf with the Stock Exchange.

(2) Each of our authorised representatives has means to contact all of our Directors (including the Independent Non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time when required. To enhance communication among the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (a) each Director will have to provide his/her mobile telephone number, office telephone number, fax number and email address to our authorised representatives; (b) in the event that a Director expects to travel, he/she will endeavour to provide the telephone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her mobile telephone; and (c) each of our Directors and authorised representatives will provide their respective mobile telephone numbers, office telephone numbers, fax numbers and email addresses to the Stock Exchange.

(3) We have appointed Fortune Financial Capital Limited as our compliance adviser, pursuant to Rule 3A.19 of the Listing Rules, which will have access at all times to our authorised representatives, Directors and senior management, and will act as an additional channel of communication between the Stock Exchange and us.

(4) Meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or our compliance adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change in our authorised representatives and/or our compliance adviser.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue after the Listing, certain continuing connected transactions. We have applied for, and the Stock Exchange has granted us, waivers from strict compliance with the reporting, annual review, announcement, (where applicable) circular and independent shareholders' approval requirements in respect of certain continuing connected transactions as disclosed in the section headed "Connected Transactions" in this prospectus.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Tan Sri Barry Goh	49, Jalan USJ 18/2A UEP Subang Jaya Subang Jaya Selangor 47600 Malaysia	Malaysian
Dato' Arifin	No.13, Jalan Kota Harmoni 27/97 Seksyen 27, Shah Alam Selangor 40400 Malaysia	Malaysian
Dato' Michael Teh	No.2, Jalan Anggerik Vanda 31/166 E Kota Kemuning Hills Shah Alam Selangor 40460 Malaysia	Malaysian
Ir. Azham Malik	No. 43, Lorong Kemajuan 3, Kampung Pandan 55100 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian
Independent Non-executive Directors		
Tan Sri Kong	No. 38, Taman Pegawai Sitiawan, Perak, 32000 Malaysia	Malaysian
Chan May May	R-3-C Tiara Damansara Jalan 17/1, Petaling Jaya Selangor, 46400 Malaysia	Malaysian
Ng Yuk Yeung (吳旭陽)	Flat D, 31/F, Tower 2 Sham Wan Towers Ap Lei Chau Hong Kong	Chinese

For further information of our Directors, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED

Sole Sponsor	Fortune Financial Capital Limited 35/F, Office Tower Convention Plaza Wan Chai Hong Kong
Sole Global Coordinator	Fortune (HK) Securities Limited 35/F, Office Tower Convention Plaza Wan Chai Hong Kong
Joint Bookrunners and Joint Lead Managers	China Everbright Securities (HK) Limited 24/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong Fortune (HK) Securities Limited 35/F, Office Tower Convention Plaza Wan Chai Hong Kong Head & Shoulders Securities Limited Room 2511, 25/F, Cosco Tower 183 Queen's Road Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law:* Eversheds 21/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *As to Malaysian law:* Mah-Kamariyah & Philip Koh 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan, Malaysia

	As to Cayman Islands law: Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* Deacons 5th Floor, Alexandra House 18 Chater Road Central, Hong Kong *As to Malaysian law:* Kadir Andri & Partners Level 10, Menara BRDB 285 Jalan Maarof Bukit Bandaraya 59000 Kuala Lumpur Malaysia
Auditors and reporting accountants	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Admiralty, Hong Kong
Receiving Bank	DBS Bank (Hong Kong) Limited 11/F The Centre 99 Queen's Road Central Central Hong Kong

CORPORATE INFORMATION

Registered office	Estera Trust (Cayman) Limited PO Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Malaysia	A-3A-02, Block A, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia
Principal place of business in Hong Kong	31/F, 148 Electric Road North Point Hong Kong
Company's website address	www.bgmc.asia *(information contained in this website does not form part of this prospectus)*
Company secretary	Kwok Siu Man, *FCIS, FCS* 31/F, 148 Electric Road North Point Hong Kong
Authorised representatives	Dato' Michael Teh No.2, Jalan Anggerik Vanda 31/166 E Kota Kemuning Hills Shah Alam Selangor 40460 Kwok Siu Man, *FCIS, FCS* 31/F, 148 Electric Road North Point Hong Kong
Audit committee	Ng Yuk Yeung (*Chairman*) Tan Sri Kong Chan May May
Remuneration committee	Chan May May (*Chairman*) Tan Sri Barry Goh Ng Yuk Yeung
Nomination committee	Tan Sri Kong (*Chairman*) Dato' Michael Teh Chan May May
Principal Share Registrar and transfer office in the Cayman Islands	Estera Trust (Cayman) Limited PO Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands

CORPORATE INFORMATION

Hong Kong Branch Share Registrar	Boardroom Share Registrars (HK) Limited 31/F, 148 Electric Road North Point Hong Kong
Compliance adviser	Fortune Financial Capital Limited 35/F, Office Tower Convention Plaza Wan Chai Hong Kong
Principal bankers	Public Bank Berhad (Bandar Sunway Branch) 48&50, Jalan PJS 11/28a, Bandar Sunway 46150 Petaling Jaya Selangor, Malaysia
	Malayan Banking Berhad (Mutiara Damansara Branch) Mutiara Damansara Branch, Lot G96 Ground Level The Curve, Mutiara Damansara 47800 Petaling Jaya Selangor, Malaysia

Certain information contained in this section and elsewhere in this prospectus has been derived from various publicly available resources or extracted from the Industry Report prepared by Smith Zander for the purposes of this prospectus. Our Directors believe that the sources of the information in this section are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respects, or that any fact has been omitted that would render such information false or misleading. In addition, our Directors confirm that, after taking reasonable care, there is no adverse change in market information since the date of the Industry Report which may qualify, contradict or otherwise have a material impact on the accuracy and completeness of such information. However, such information has not been independently verified by us or any of our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Global Offering. No representation is given as to the accuracy and completeness of such information which should not be unduly relied upon in making any investment decisions.

Smith Zander is an independent professional market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. Smith Zander's work enables clients to make informed business and investment decisions through their solutions and services, as well as helps regulatory authorities, professional advisers and the general public and investment community understand and appreciate the dynamics of specific markets and industries. Smith Zander specialises in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate transactions.

The information contained in the Industry Overview is derived by means of data and intelligence gathering which include: (i) secondary or desktop research; and (ii) detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts (e.g. Construction Industry Development Board). The research methodology employed by Smith Zander is the Expert Opinion Consensus Methodology. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business and industry conditions. Unless otherwise stated, all data contained in this section are derived from Smith Zander.

The following assumptions were used for the preparation of the Industry Overview:

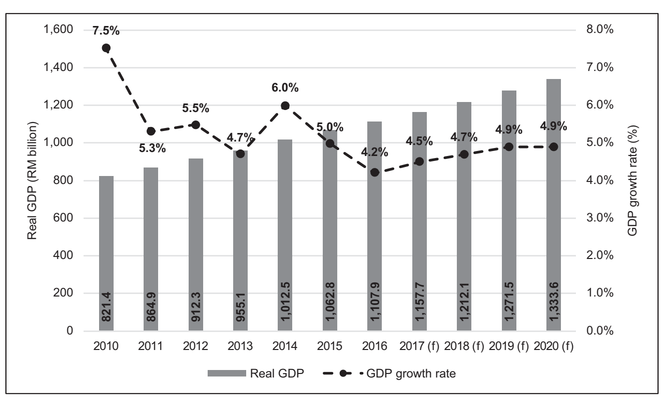
- *Malaysia's economic, social and political environment is likely to remain stable in the forecast period;*
- *there will be no external shocks, such as financial crises or raw material shortages, that may affect the demand and supply of construction services in Malaysia during the forecast period;*
- *relevant industry key drivers are likely to drive the demand for construction services during the forecast period comprise the demand for residential, commercial and industrial properties; availability of investments that drive overall economic growth; growth prospects of end-user markets/industries that drive demand for commercial and industrial properties as well as supporting infrastructure; Government expenditure to drive infrastructure development; and implementation of projects under the public-private partnership ("**PPP**") and private finance initiative ("**PFI**") models; and*
- *the demand for construction services during the forecast period is strongly correlated to Malaysia's forecast gross domestic product ("**GDP**") growth during the said forecast period.*

OVERVIEW OF THE ECONOMY IN MALAYSIA

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. The mark of a country's economic development is reflected by its GDP and employment rate achievements. Malaysia's GDP increased from RM821.4 billion in 2010 to RM1,107.9 billion in 2016, registering a CAGR of 5.1%.

Economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach. Malaysia's purchasing power parity per capita income increased by 34.1% from approximately USD20,336 in 2010 to USD27,267 in 2016. This increase in disposable income is indicative of a rise in a more affluent population that has greater spending power over the long term between 2010 and 2016. However, short term growth in the disposable income of Malaysia's population has since been slower as households adjust their spending due to the increasing cost of living arising from fiscal reform measures such as the implementation of the Goods and Services Tax ("**GST**") and administrative price adjustments, as well as the depreciation in the Malaysian Ringgit against the U.S. dollars. This, coupled with higher construction costs and increased property prices as a result of a rise in building material prices due to the weakening Malaysian Ringgit against the U.S. dollars, has attributed to a lower demand for properties in Malaysia. The increase in property prices due to higher construction costs may result in a further decrease in property demand and consequently, construction services.

Malaysia's GDP and GDP growth rate



Source: Department of Statistics Malaysia, International Monetary Fund, Smith Zander analysis

CONSTRUCTION INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

The construction industry can broadly be divided into two key major segments, namely the construction of buildings and infrastructure. The construction of buildings is then further categorised into commercial, residential and industrial where:

- Commercial buildings are used for business purposes and this includes office buildings, warehouses, hotels, retail outlets and other institutional or purpose-built buildings such as convention centres, resorts, and educational and medical institutions;

- Industrial properties are buildings or structures where industrial or manufacturing activities are carried out, and includes factories and production plants; and

- Residential buildings are intended for dwelling purposes.

The construction of infrastructure refers to any form of development of public assets used for purposes such as transportation, utilities management and communication, recreation and community use.

Our Company is principally engaged in the provision of construction services, including earthworks and infrastructure works. Industry data on earthworks and infrastructure is included in the construction industry.

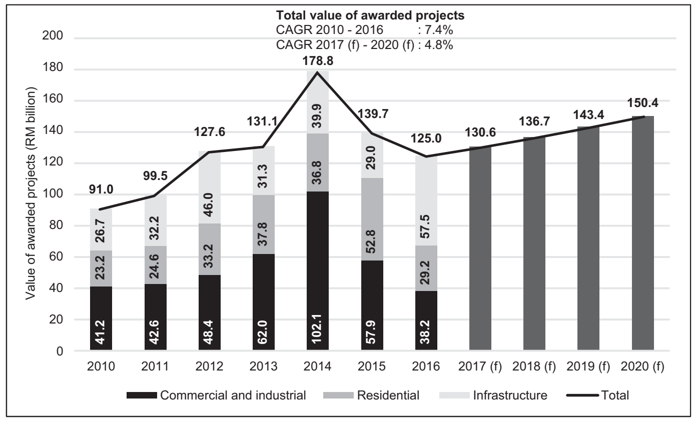
From 2010 to 2016, the GDP for construction activities in Malaysia increased from approximately RM28.2 billion to approximately RM50.1 billion. Over the same period, construction activities contributed to between 3.0% and 4.5% of Malaysia's total GDP, increasing from 3.4% in 2010 to 4.4% in 2015, signifying its importance to overall economic development. The level of construction activities reflects the growth of a country's economy. The growth of construction is typically cyclical as it follows relatively closely to the GDP growth of a country. A common measure of construction activities is based on the value of projects awarded during a certain period. As a sub-sector of the construction industry, figures for the earthworks and infrastructure construction works in Malaysia is included in the value of projects awarded in the construction industry in the country.

From 2010 to 2016, construction activities in Malaysia, as measured by the value of projects awarded, grew from RM91.0 billion to RM125.0 billion at a CAGR of 5.4%. Construction activities in Malaysia witnessed exceptionally high growth in 2014 due largely to the Iskandar Malaysia development in Johor, registering a 32.0% increase from 2013. Construction activities normalised in 2015, recording growth of 5.3% over 2013 if the outlying year of 2014 was excluded.

Between 2010 and 2016, residential construction activities witnessed a CAGR of 3.9%, increasing from RM23.2 billion in 2010 to RM52.8 billion in 2015 before dropping to RM29.2 billion in 2016. Commercial and industrial construction declined at a CAGR of 1.3%, increasing from RM41.2 billion in 2010 to RM57.9 billion in 2015 over the same period on the back of an increase in the supply of commercial office space with the completion and launching of office towers in the Klang Valley before dropping to RM38.2 billion in 2016.

The infrastructure development segment of the construction industry is typically reliant on public funding from the Government of Malaysia. In terms of awarded project value, this sector increased at a CAGR of 13.6% from RM26.7 billion in 2010 to RM57.5 billion in 2016. The Government is committed to the implementation of several toll highways for Selangor, namely the East Klang Valley Expressway, Sungai Besi – Ulu Klang Expressway, Damansara – Shah Alam Highway, Serdang Kinrara Putrajaya Expressway and West Coast Highway, which collectively will require an investment of RM18.1 billion. In East Malaysia, the Government has committed RM27.0 billion for the construction of the Pan – Borneo Expressway that will benefit residents in Sabah and Sarawak.

Value of projects awarded in the construction industry in Malaysia [a, b]



[a] *Figures may not add up due to rounding*

[b] *Forecast for total value of awarded projects, as data is not available for forecast by type of property projects*

[(f)] *Forecast*

Source: CIDB, Smith Zander analysis

The fall in awarded project values in 2015 and 2016 was largely due to a slowdown in demand in the property market, in line with lower economic growth in Malaysia in these respective years, which have resulted in slower project starts as developers focused on clearing unsold properties while buyers were more cautious amid the increasing domestic cost of living and uncertainties in the global environment.

Nevertheless, Smith Zander expects the value of projects awarded to grow from RM125.0 billion in 2016 to RM150.4 billion in 2020 at a CAGR of 4.7%[(1)], on the back of stronger economic growth from 2017 to 2020 as compared to 2016. This forecast is benchmarked against the projected annual percentage growth of Malaysia's GDP as the growth of construction follows relatively closely to the GDP growth of a country. In particular, the construction industry in Malaysia is expected to recover over the longer term due to initiatives announced under the Eleventh Malaysian Plan ("**11MP**") (2016-2020) and the launch of the Construction Industry Transformation Programme ("**CITP**") (2016 – 2020). Under the 11MP, the construction industry in Malaysia is anticipated to grow at 10.3% per annum during the five (5) year period from 2016 to 2020, with a contribution of RM327 billion (5.5%) to GDP by 2020. The achievement of this 10.3% per annum growth target is expected to be realised through several of the initiatives announced under the 11MP specific to the construction industry in Malaysia, including construction projects, that are anticipated to propel the country's construction industry. Please refer to the paragraph headed "Key Market Drivers, Trends and Development – Government expenditure to drive infrastructure development generates demand for construction services" in this section for further information on these initiatives. As the 11MP was announced in 2015, a review of the initiatives under the 11MP has yet to be initiated by the Government of Malaysia to measure its

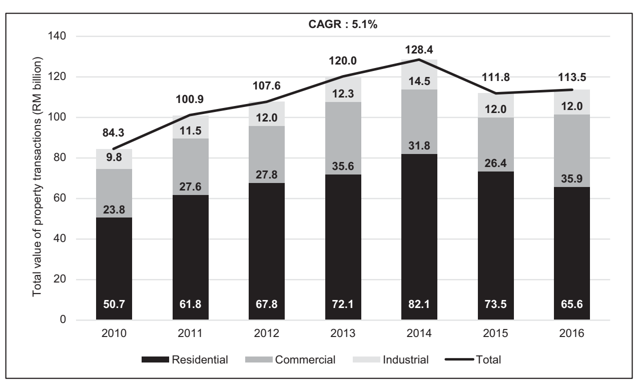
[(1)] *Smith Zander's estimation premised on Malaysia's real GDP growth forecast between 2016 and 2020, in comparison to the Eleventh Malaysian Plan ("11MP") target of 10.3% per annum between 2016 and 2020* success. Nonetheless, Smith Zander has taken a more conservative approach to forecast that Malaysia's construction industry is anticipated to witness a CAGR of 4.8% between 2016 and 2020 in terms of value of projects awarded, premised on Malaysia's real GDP growth forecast during this same period.

Further, the CITP, which was launched in September 2015, aims to create and enforce the highest standards of quality, safety and professionalism in the construction industry, institute more environmentally sustainable practises throughout the industry, generate high-skilled jobs, reduce the reliance on low skilled foreign labour and increase global competitiveness. By addressing the current challenges facing the construction industry in Malaysia, the CITP aims to transform and improve the public and international image of the country's construction industry, develop a framework for the construction industry standards in Malaysia which is comparable to that of developed countries, and create industry players that are able to compete globally. This will consequently result in increased demand for construction services locally and further enable the export of construction services.

Property Demand

Demand for property in Malaysia, measured by value of property transactions, witnessed an increase from RM84.3 billion in 2010 to RM128.4 billion in 2014. However, property demand in Malaysia decreased by 12.9% from RM128.4 billion in 2014 to RM111.8 billion in 2015, indicating a softening in the country's property market particularly in the residential property segment partly due to cautious sentiments among buyers and measures to contain accelerating house prices. This is further depicted by the increase in the percentage of unsold newly launched residential units in Malaysia from 54.3% in 2010 to 71.4% in 2015.

Demand for residential, commercial and industrial properties in Malaysia [a]



[a] *Forecast for property demand is not publicly available*

Source: CIDB, Smith Zander analysis

The moderation in private consumption growth to 6.1% in 2016 has attributed to the lower demand for properties in Malaysia as households adjusted their spending due to the increasing cost of living, arising from fiscal reform measures such as the implementation of the GST and administrative price adjustments, as well as the depreciation in the Malaysian Ringgit against the U.S. dollars. In the commercial property segment, demand for office space moderated in 2015 and 2016 especially in Klang Valley partly due to the downsizing or slower expansion of companies in the oil and gas sectors as oil drilling and production operations slowed down in Malaysia. Further, the weakening Malaysian

Ringgit against the U.S. dollars may lead to a rise in building material prices, resulting in higher construction costs and increased property prices. The increase in property prices due to higher construction costs may result in a further decrease in property demand and consequently, construction services.

However, the residential property market in Malaysia is expected to experience positive effects over the longer term due to greater demand for affordable housing which is supported by several Government-driven initiatives.

The Government continues to place focus on the provision of affordable housing under the 11MP and Budget 2017. Some key initiatives include:

- Refurbishment of existing low-cost flats and houses;
- Build new houses under Government housing programmes;
- Provide Government vacant land to be used for affordable housing; and
- Provide stamp duty exemption for first home ownership for the period 1 January 2017 until 31 December 2018.

In the commercial property segment, the number of hotels in Malaysia is expected to grow as tourist arrivals increased from 17.5 million persons in 2006 to 26.8 million persons in 2016 at a CAGR of 4.4%. Government-driven initiatives such as the establishment of the ASEAN Economic Community in 2015 and the launch of eVISA (an online application platform that enables Bangladeshi, Chinese, Indian and Myanmar nationals to apply for an electronic visa to enter Malaysia) in 2016 is expected to further boost the tourism industry in Malaysia, and consequently, demand for hotels.

In addition to the measures in the 11MP and Budget 2017, the Government previously introduced a "My First Home Scheme" in Budget 2011 to assist purchasers below age 35 with a monthly income of less than RM5,000, to purchase their first residential property valued between RM100,000 and RM400,000. The scheme allows purchasers to obtain up to 100% financing from various financial institutions. Such measures to encourage home ownership among the Malaysian population is expected to generate greater demand for residential properties, and correspondingly, construction services.

The demand for construction services for infrastructure development between 2016 and 2020 will be mainly supported by the commencement of large infrastructure projects such as MRT Sungai Buloh – Serdang – Putrajaya Line, Pan Borneo Highway, Sungai Besi – Ulu Klang Elevated Expressway and Damansara – Shah Alam Elevated Expressway. The upgrading road works from Klang Container Terminal – North Port and the construction of infrastructure in Malaysia Vision Valley are expected to further support the sector. The residential segment is projected to expand driven by affordable housing programmes, particularly 1Malaysia Civil Servants Housing. Meanwhile, the non-residential subsector is expected to benefit from mixed commercial development, mainly in Klang Valley, Johor and Pahang.

Key Market Drivers, Trends and Development

Demand for residential, commercial and industrial properties creates demand for construction services

The key indicator that influences the property market is the stability of the nation's economy. Economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential, commercial and industrial properties.

Between 2010 and 2016, Malaysia's wealth, as depicted by its real GDP, increased from RM821.4 billion to RM1,107.9 billion. Total property transaction value increased from RM84.3 billion to RM113.5 billion between 2010 and 2016, where the residential as well as commercial and industrial property segments registered CAGRs of 4.4% and 6.1% respectively.

However, property demand in Malaysia decreased by 12.9% from RM128.4 billion in 2014 to RM111.8 billion in 2015 and RM113.5 billion in 2016, indicating a softening in the country's property market particularly in the residential property segment partly attributable to cautious sentiments among buyers and measures to contain accelerating house prices. Malaysia's private consumption growth moderated to 6.1% in 2015, thereby resulting in lower demand for properties as households were affected by the increasing cost of living, arising from fiscal reform measures such as the implementation of the GST and administrative price adjustments, as well as the depreciation in the Malaysian Ringgit against the U.S. dollars. Demand for office space moderated in 2015 and 2016, especially in Klang Valley, partly attributable to the downsizing or slower expansion of companies in the oil and gas sectors as oil drilling and production operations slowed down in Malaysia.

The fall in awarded project values in 2015 and 2016 was largely due to a slowdown in demand in the property market, in line with lower economic growth in Malaysia in 2016 which has resulted in slower project starts as developers focused on clearing unsold properties while buyers were more cautious amid the increasing domestic cost of living and uncertainties in the global environment. The increase in property prices due to higher construction costs may result in a further decrease in property demand and consequently, construction services.

However, the residential property market in Malaysia is expected to experience positive effects over the longer term due to greater demand for affordable housing which is supported by several Government-driven initiatives under the 11MP and Budget 2017.

Commercial property supply is expected to witness growth over the period of 2017 and 2018 as regional tourism growth prospects as the establishment of the ASEAN Economic Community in 2015 and the launch of eVISA are anticipated to positively impact Malaysia's tourism and retail sector, thereby indicating growth opportunities for the construction industry. Commercial retail space is expected to witness growth in the next three to five years as several mixed development projects that are expected to come onstream by 2017 have incorporated retail centres as key components. Additionally, major upcoming commercial and mixed development projects that have been announced such as the Tun Razak Exchange, MATRADE, redevelopment of Rubber Research Institute Malaysia Sungai Buloh, Bandar Malaysia Sungai Besi and Kampung Baru, are expected to further contribute to the growth of the property market in Malaysia.

Availability of investments drive overall economic growth, and subsequently, demand for construction services

In 2016, Malaysia attracted RM207.9 billion in approved direct investments in mostly private investments, bearing testament to the resilience of Malaysia's economy amid external challenges, the plunge in demand and prices for hydrocarbons and other commodities, as well as the weakening Malaysian Ringgit against the U.S. dollars. Of the total investments approved in 2016, domestic investments accounted for RM148.9 billion or 71.6%, while foreign direct investment accounted for the remaining RM59.0 billion or 28.4%.

The Economic Transformation Programme ("**ETP**") (2011 – 2020) was launched in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP has a defined structure for the manufacturing and services sectors to contribute to Malaysia's continued growth through high impact projects and business opportunities across the economy. Malaysia's investment performance in 2015 supports the nation's goal in fulfilling the objectives of the ETP where it attracted a total of RM186.7 billion worth of investments, with RM113.8 billion under ETP projects (60.9% of total investments in 2015) and the remaining RM72.9 billion under non-ETP related projects.

Increased total investments will result in increased investments in business facilities, thus signifying positively for the commercial and industrial property segments, and the infrastructure and social amenities[2] development segments in Malaysia.

Growth prospects of end-user markets/industries drive demand for commercial and industrial properties and supporting infrastructure

Malaysia's economy registered a 4.2% growth in 2016, supported by the continued expansion of domestic demand which was primarily driven by the private sector. The services sector remains the driver of growth, contributing to 54.2% of Malaysia's GDP in 2016. Given its importance, the Government has formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. In this respect, the Services Sector Blueprint 2014 focuses on four areas, namely internationalisation which includes liberalisation and services exports; providing efficient tax and non-tax incentives; developing human capital; and implementing regulatory reform in the services sector. With the implementation of the Services Sector Blueprint 2014, the services sector is targeted to achieve approximately 60.0% share of GDP by 2020, on par with that of developed economies.

A positive growth is also expected for the outlook for the manufacturing sector led by the export-oriented industries which are expected to record higher growth in line with the improvement in external demand. The continued implementation of various construction projects in Malaysia will support growth in the construction-related cluster.

Infrastructure development ensures access to amenities and services such as transport, communications, electricity and water supply. As such, infrastructure development is key in the foundation of social inclusion and economic expansion. The positive growth recorded in Malaysia's economy and the manufacturing sector would lead to an increase in the demand for commercial and

2 *Comprises among others, education, healthcare, public amenities, recreational and sports, as well as welfare and community facilities.*

industrial properties as well as supporting infrastructure, and subsequently, the demand for construction services.

Government expenditure to drive infrastructure development generates demand for construction services

The 11MP was launched in May 2015 and provides a crucial platform to ensure that Malaysia transitions into an advanced economy and inclusive nation. Several initiatives, specific to the construction industry, were announced under the 11MP. These initiatives include regional economic development and economic growth projects, improving connectivity and mobility in regional economic corridors, encouraging widespread adoption of green buildings criteria, prioritising regional connectivity for new highways, increasing public transport modal share in cities, deploying roads and public transport to increase rural and rural-urban connectivity, upgrading air navigation system and airport infrastructure, supporting the development of Pengerang Integrated Petroleum Complex, enhancing knowledge content and increasing productivity in the construction industry, fostering environmental sustainability practises and increasing the internationalisation of construction firms.

Further, under Budget 2017, the Government announced several social amenities and infrastructure projects with a total committed investment of RM74.5 billion that will result in greater demand for construction services. Major social amenities and infrastructure projects announced include the implementation of the new East Coast Rail Line (600 km) project connecting Klang Valley to the East Coast; maintenance of state roads under the Malaysian Road Records Information System; and allocation for the operations of 340 1Malaysia clinics, 11 1Malaysia mobile clinics, 959 health clinics and more than 1,800 existing rural clinics. The 1Malaysia clinic programme was launched in 2010 as part of the Government's initiative to provide basic medical care to the needy population. Among social amenities and infrastructure projects under Budget 2017, several were related to primary and secondary education, including the reconstruction of 120 destitute schools; the upgrade of 1,800 science laboratories; and completion of the construction of 227 primary and secondary schools throughout Malaysia.

The spillover effect from the implementation of these social amenities and infrastructure projects will benefit industry players that offer construction services.

Implementation of projects under the PPP and PFI models creates demand for construction services

As at June 2016, 824 PPP projects have been established in Malaysia, where these projects are in the transportation, road, communications, health and energy sectors. Between 2006 and 2015, Federal Government payments for PFIs decreased from RM4.3 billion to RM1.3 billion, following greater involvement from the private sector to finance and manage the construction, management, maintenance, refurbishment and replacement of public assets. The Government continues to place greater focus on the implementation of PPP and PFI projects in Malaysia through the Facilitation Fund with an allocation of RM20 billion as well as the RM10 billion funding through PFIs for the implementation of people-centric projects under Budget 2017.

In 2016, the value of Government projects awarded in the construction industry in Malaysia is projected to be registered at RM29.1 billion, Smith Zander expects the value of projects awarded to grow from RM29.1 billion in 2016 to RM35.1 billion in 2020 at a CAGR of 4.8%. This forecast is based on the projected annual percentage growth of Malaysia's GDP as the growth of construction follows relatively closely to the GDP growth of a country.

As the Government places greater focus on the implementation of PPP and PFI projects, demand for construction activities will subsequently increase.

Key Supply and Raw Material Trends

Building materials and labour costs are material expenditure incurred by players in the construction industry that offer construction services. As such, any significant increases or decreases in these costs will impact the profitability of industry players.

The construction industry is expected to witness increased competition that may result in industry players incurring higher cost for raw materials and labour with the rollout of large infrastructure projects such as the MRT II, high speed rail and five toll highways for Selangor, which coincide with rising incoming supplies of properties in 2015/16 following strong launches in the last three years. While some building material producers are expanding production capacity, major capacity enhancement projects take at least one to two years for completion. All of these factors could contribute to a rise in the cost of building materials.

The construction industry is a labour-intensive industry owing to the physical nature of construction activities. In Malaysia, the construction industry is largely dependent on foreign workers, especially those from neighbouring developing nations in the Southeast Asia region, as a result of poor response from local labour. The roll-out of large infrastructure projects will require numerous skilled and unskilled workers, both local and foreign, to ensure its successful completion, considering the complexity and fast-track nature of the projects. The employment of foreign labour is cheaper compared to local labour. While major development projects drive industry growth, industry players face challenges employing foreign labour due to the time required to register these foreign workers, thus resulting in the industry facing manpower shortages. The Government's implementation of the GST in Malaysia in April 2015 has led to a rise in contractor and sub-contractor fees.

Between December 2014 and December 2016, the average price of ordinary Portland cement in Malaysia witnessed a slight decline from RM340.00 to RM331.00. However, over the same period, the average price of ready mix concrete, mild steel round bars and high tensile deformed bars in Malaysia increased.

Building material prices in Malaysia

		Average common price of building materials (RM)		
Building material	**Unit**	**December 2014**	**December 2015**	**September 2016**
Ordinary Portland cement in bulk	Metric tonne	340.00	339.20	331.00
Mild steel round bars [a]	Metric tonne	2,238.89	1,784.33	2,460.00
High tensile deformed bars [b]	Metric tonne	2,058.34	1,713.67	2,384.45
Ready mix concrete – normal mix [c]	Cubic metre	203.67	215.11	231.53

[a] *Comprises the average price of mild steel round bars R10, R12 and R16*

[b] *Comprises the average price of high tensile deformed bars Y10, Y12, Y16, Y20, Y25 and Y32*

[c] *Comprises the average price of grades 15, 20, 25, 30 and 25 of ready mix concrete*

Source: CIDB, Smith Zander analysis

Labour costs in the construction industry is depicted by the average labour wage rate per day for general and skilled construction workers in the country. Between January 2014 and January 2016, the average labour wage rate per day for general construction workers in Malaysia decreased from RM65.75 to RM59.63, while the average labour wage rate per day for skilled construction workers increased marginally from RM84.33 to RM85.23. The decrease in the average labour wage rate per day for general construction workers in Malaysia may be attributed to the employment of foreign labour being cheaper compared to local labour. In January 2016, the average labour wage rate per day for foreign general construction workers in Malaysia stood at RM51.25, costing RM8.38 lower per hour compared to the average labour wage rate per day for general construction workers in the country. In comparison, the average labour wage rate per day for local general construction workers in Malaysia stood at RM68.01 during the same period.

Labour wage rates in Malaysia

	Average common labour wage rate per day (RM)		
Category of labour	**January 2014**	**January 2015**	**January 2016**
General construction workers [a]	65.75	67.73	59.63
Skilled construction workers [b]	84.33	93.78	85.23

[a] *Comprises local and foreign general construction workers for civil and building works*

[b] *Comprises local and foreign concretors, bricklayers, plasterers, tilers, barbenders, carpenters, roofers, steel structure fabricators and general welders*

Source: CIDB, Smith Zander analysis

Industry Challenges, Risks and Threats

Rising costs of raw material and labour impact the profitability of construction industry players

Building materials and labour costs are material components of expenditure incurred by industry players that offer construction services. Please refer to the paragraph headed "Key Supply and Raw Material Trends" in this section for further information on labour and the historical trend of raw materials in the construction industry.

Operational risks relating to construction services, including project delays, quality of work, costs and safety management

The construction industry is exposed to risks such as project delays, poor quality of work and on-site accidents that have consequences on the industry and its stakeholders. These risks lead to customer and/or public complaints, loss of reputation and revenue, and a slump in GDP.

Occupational accidents in the construction industry in Malaysia

Category of occupational accidents	Number of reported occupational accidents January – December 2014	January – December 2015	January – December 2016
Death	72	88	106
Permanent disability	6	11	6
Non-permanent disability	94	138	135

Source: Ministry of Human Resources Malaysia, Social Security Organisation, Smith Zander analysis

Project delays typically lead to increased overheads and cost overruns. Increased overheads affect the ability of construction industry players to complete projects on time as a result of financial shortages or budget overruns, and face loss of opportunity if their resources are committed to a delayed project. The Government is also adversely affected when project delays impact budget managements and plan executions. The public is affected when project delays lead to delayed infrastructure and services, and shortage of employment.

Vulnerability to political, economic and regulatory risks

The financial, business and market prospects of operators within the construction industry, will depend to some degree on the developments in the political, economic and regulatory front in Malaysia. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates and foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in government policies and regulations.

Further, the construction industry in Malaysia is highly regulated with various government bodies such as the CIDB governing the approval of licences and certificates, and the operations of industry players in Malaysia. As such, industry players are bound by the terms of the licences and certificates awarded by such authorities, which dictate the types and nature of activities in which they engage. These licences and certificates accord industry players various privileges such as limitless tender capacity and the ability to operate the limitless tenders throughout Malaysia. Any revocation or non-renewal of licences, certificates and other clearances from authorities or failure by industry players to obtain new licences, certificates and other clearances from authorities (if so required) will have a material impact on their ability to continue business operations, and hence affect profitability.

There can be no assurance that adverse political, economic and regulatory changes, which are beyond the control of industry players will not materially affect their business operations.

Competitive Landscape

The construction industry in Malaysia is competitive owing to the large pool of diversified and pure-play industry players that compete for public and private residential, commercial and industrial, and infrastructure construction projects in the country. Players in the construction industry in Malaysia have historically expanded into other segments such as civil engineering, mechanical and electrical services as well as earthworks organically or through mergers and acquisitions. The barriers to entry for Malaysia's construction industry include licensing, financial strength, industry reputation, established relationships with customers and suppliers, and the adoption of quality, occupational health, safety and environmental practises.

Financial performance of public listed construction industry players [a]

	Industry player	Latest available financial year ended	Segmental revenue for construction and construction-related activities[b] (RM)
1	Competitor 1	31 March 2016	1,642,997,000
2	Competitor 2	31 December 2016	1,582,428,000
3	Competitor 3	31 December 2016	1,568,685,000
4	Competitor 4	31 December 2016	1,511,926,000
5	Competitor 5	31 December 2016	1,502,099,000
6	Competitor 6	31 December 2016	1,237,107,000
7	Competitor 7	31 December 2016	1,117,913,000
8	Competitor 8	31 December 2016	435,478,766
9	Competitor 9	31 December 2016	852,037,000
10	Competitor 10	31 December 2016	845,573,000
11	Competitor 11	31 December 2016	757,723,540
12	Competitor 12	31 December 2016	755,827,825
13	Competitor 13	31 December 2016	744,724,848
14	Competitor 14	31 December 2016	628,889,000
15	Competitor 15	30 June 2016	619,117,000
16	Competitor 16	31 March 2016	529,335,000
17	Competitor 17	31 May 2016	480,609,043
18	Competitor 18	30 June 2016	462,061,387
19	Competitor 19	31 December 2016	440,881,586
20	Competitor 20	31 December 2016	389,444,196
21	Competitor 21	30 June 2016	315,835,128
22	Competitor 22	31 December 2016	305,291,000
23	Competitor 23	30 June 2016	295,912,782
24	Competitor 24	31 December 2016	242,567,000
25	Competitor 25	31 March 2016	237,469,613
26	Competitor 26	31 December 2016	221,671,000
27	Competitor 27	31 December 2016	219,547,585
28	Other public listed construction industry players	Various dates	1,734,885,079
	Total		**21,678,036,378**

[a] *Only public listed construction industry players were listed due to the fragmented nature of the construction industry in Malaysia. Smith Zander had identified other large private construction companies through the course of the research for the preparation of this Industry Overview. Based on this research, no other comparable private company would feature in the top 30 public listed companies. As such, Smith Zander believes that the majority of large construction companies in Malaysia are public-listed and well represents the industry as a whole*

[b] *Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than construction and revenue derived from outside Malaysia*

Source: Annual reports of various industry players, Smith Zander analysis

Our Group recorded a Total External Segment Revenue of RM561.1 million for the FY2016, of which RM371.3 million constituted revenue from our construction services business. Based on our revenue for construction services relative to the revenues for construction and construction-related activities of other public-listed competitors in Malaysia (from the latest available financial statements of each competitor), our Company registered a market share of 1.7%, and would rank in the 21st position among public listed competitors in Malaysia.

The construction industry in Malaysia is fragmented, with a large number of construction industry players. For example, as at December 2016, there was a total of 6,868 Grade G7 contractors in Malaysia. Based on the revenue for construction and construction-related activities for the respective top five public listed construction industry players relative to the total revenue for construction and construction-related activities of public listed competitors in Malaysia, each of the top five public listed construction industry players recorded a market share not greater than 8.0%. The public listed construction industry players in Malaysia recorded an average market share of 2.1% based on the latest available total revenue for construction and construction-related activities of these industry players.

The reason for selecting only public listed construction industry players for comparison is attributed to the fragmented nature of the construction industry in Malaysia. With a total of 6,868 Grade 7 contractors, and many thousands more from Grades 1 to 6, any competitive landscape analysis involving all of the industry players would be highly impractical. Further, based on the 6,868 Grade 7 contractors and thousands more from Grades 1 to 6, the average market share per company is negligible. Smith Zander believes that the majority of large construction companies in Malaysia are public-listed and well represents the industry as a whole.

MECHANICAL AND ELECTRICAL SERVICES INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Mechanical and electrical ("**M&E**") services (also known as M&E works) involves the design and/or installation of heating, ventilation and air conditioning ("**HVAC**") systems, fire protection systems, power distribution, telecommunication systems and central utility facilities. Industry players that provide M&E services are trade specialists. M&E specialists are involved in the design and/or installation of HVAC, fire protection systems, electrical systems, power distribution and telecommunication systems. Industry players that deliver M&E works are stakeholders in the M&E services industry. Our Company is also principally engaged in M&E installation works.

M&E services in Malaysia, measured in terms of value of awarded M&E works projects for residential, commercial, industrial and infrastructure development, increased from RM13.3 billion in 2010 to RM18.7 billion in 2015 at a CAGR of 7.1%. For the years 2013 and 2014, M&E services in Malaysia witnessed higher growth due to the M&E works being awarded for light rapid transit ("**LRT**") and MRT projects in the country.

Between 2010 and 2015, M&E services for new development projects increased from RM12.4 billion to RM16.4 billion at a CAGR of 5.8%. During the same period, other M&E services, comprising upgrading, expansion, maintenance, repairs and renovation projects, increased from RM894.7 million to RM2.3 billion at a CAGR of 20.8%. New development projects comprise a significant percentage of total M&E services, forming approximately 87.5% of total M&E services in 2015.

ELECTRICAL POWER TRANSMISSION AND DISTRIBUTION INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Our Company is also principally engaged in the provision of construction works in the electrical power transmission and distribution industry in Malaysia.

The electricity supply industry in Malaysia comprises electricity generation, transmission and distribution activities. The Government participates in this industry via utility companies which are Tenaga Nasional Berhad ("**TNB**") in Peninsular Malaysia, Sabah Electricity Sdn Bhd ("**SESB**") in Sabah and Sarawak State Government-owned Sarawak Energy Berhad ("**SEB**") in Sarawak. In Peninsular Malaysia, TNB generates power and has monopoly over power transmission and distribution. SESB and SESCO, likewise, have monopoly over electricity transmission and distribution activities in the states of Sabah and Sarawak in East Malaysia respectively.

Transmission lines are used to transfer generated electricity from power plants to substations, and the electricity is then transferred from the transmission system to end users through distribution lines. In Malaysia, generated electricity from power plants is typically transferred to substations via 500 kilovolts ("**kV**"), 275 kV and 132 kV transmission lines, with transmission through 66 kV transmission lines being less common. Between 2010 and 2015, total length of transmission lines in Malaysia increased from 23,863.9 kilometres ("**km**") to 24,260.0 km at a CAGR of 0.3%, while the number of transmission substations increased from 455 to 498 at a CAGR of 1.8%.

Distribution lines comprise overhead lines and underground cables which are typically medium voltage (33 kV, 22 kV and 11kV) and low voltage (0.4 kV and 0.23 kV) networks. The total length of distribution lines in Malaysia increased from 0.9 million km in 2010 to 1.3 million km in 2015 at a CAGR of 7.6%, with underground distribution cables increasing from 0.4 million km to 0.7 million km at a CAGR of 11.8%. Over the same period, the number of distribution substations in the country increased from 77,841 to 92,614 at a CAGR of 3.5%.

Electricity transmission and distribution capacity in Malaysia is driven by a growing demand for electricity, where greater electricity demand is anticipated following the Government's target to achieve the status of high income nation by 2020. Electricity demand, measured by the sales of electricity, grew from 99,476 gigawatt hours ("**GWh**") in 2010 to 124,709 GWh in 2015 at a CAGR of 4.6%. An increase in electricity demand in Malaysia will result in the expansion of the electricity transmission and distribution network, where our Company would have the opportunity to bid and participate in such projects.

Further, Government-driven initiatives to improve and expand the existing transmission and distribution grid will also increase Malaysia's electricity transmission and distribution capacity. The Transmission Development Plan in Peninsular Malaysia and Sabah as well as the development of the 500 kV Backbone Transmission Grid in Sarawak aim to upgrade the existing transmission system to strengthen the country's power system's reliability, thus resulting in further development of the transmission system in Malaysia. Under the 11MP, the Government aims to increase the provision of electricity supply in rural areas to 36,800 additional rural houses through the Rural Electricity Supply Programme, to achieve a 99% electricity access coverage to rural houses. Additionally, the Government has allocated RM460 million under the Budget 2017 for the provision of electricity supply in rural areas, targeting approximately 10,000 houses. These Government-driven initiatives would result in an expansion of the electricity distribution network in Malaysia.

FACILITIES MANAGEMENT INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Facilities management is the management and maintenance of facilities to create a cohesive environment that enables an organisation to carry out its primary objective. At its core, facilities management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology. The scope of facilities management services includes, but is not limited to, cleaning, catering, security, pest control, landscaping, maintenance services and mechanical and electrical works. The Company is engaged in the provision of asset management services via the UiTM BLMT project.

The management of a facility may be carried out by an in-house team or outsourced to one or more facilities management service providers. When a third party service provider is engaged for facilities management services, this involves the provision of services that support an organisation's wider business activities, while allowing the organisation to focus on its primary objective. Third party facilities management service providers are able to offer organisations expertise that are lacking in an organisation's in-house team.

Demand for facilities management services is driven by growth in construction activities as building owners place greater emphasis on cost savings and process optimisation. Further, as the Government places greater focus on PPP projects, there would be a subsequent increase in the demand for facilities management services as the scope of PPP projects includes the construction, management, maintenance, refurbishment and replacement of public sector assets such as buildings and infrastructure. Please refer to the paragraph headed "Construction Industry in Malaysia – Key Market Drivers, Trends and Development – Implementation of projects under the PPP and PFI models creates demand for construction services" in this section for further information on PPP partnerships in Malaysia.

The facilities management industry in Malaysia, measured in terms of industry revenues of industry players offering facilities management services, increased from RM1.2 billion in 2009 to RM1.3 billion in 2014 at a CAGR of 1.6%.

PUBLIC-PRIVATE PARTNERSHIPS IN MALAYSIA

The PPP model in Malaysia comprises the nation's privatisation policy and PFIs. Our Company's UiTM BLMT project is a PFI project in Malaysia. The PPP implementation methods in Malaysia include build – operate – transfer ("**BOT**"), build – lease – transfer ("**BLT**"), build – operate – own ("**BOO**"), build – lease – maintain – transfer ("**BLMT**"), build – lease – maintain – operate – transfer ("**BLMOT**"), land swap, management contracts and corporatisation. PFIs were introduced by the Government of Malaysia under the Ninth Malaysia Plan ("**9MP**") (2006 – 2010) as a new measure under the nation's privatisation programme. Malaysia's PFI mechanism is aimed at facilitating greater participation of the private sector to improve the delivery of infrastructure facilities and public service, and establishes key principles on the procurement and implementation of selected public sector infrastructure projects.

PPP relates to the transfer of responsibility to the private sector to finance and manage a package of capital investment and services, including the construction, management, maintenance, refurbishment and replacement of public sector assets such as buildings, infrastructure, equipment and other facilities, which creates a standalone business. The fundamental elements of Malaysia's PPP mechanism are:

- In PPP projects, a private sector party will be appointed by the public sector via a contract to deliver public infrastructure-based services over a specific long term period of time;
- The appointed private sector party will raise its own funds to finance the entire or a part of the assets that will deliver the services based on agreed performances; and
- The public sector will subsequently compensate the appointed private sector party for services rendered.

In selected PPP projects, part of the payment to the appointed private sector party may flow directly from public users. While ownership of assets is not the primary focus of the PPP mechanism, nonetheless several modalities see the transfer of assets to the public sector as a matter of course. The instances where PPP assets are not transferred to the public sector at the end of the concession period typically relate to facilities or projects that have little value at the end of this period due to technological obsolescence.

The Government will only engage in a PPP proposal if there is a need on the part of the Government for the project upon consideration of the benefits of the entire project, among others, based on:

- Socioeconomic impacts;
- Value for money and cost savings to the Government;
- Quick delivery of the project and service enhancement; and
- Increased level of accountability, efficiency and effectiveness.

The PPP mechanism largely emphasises on the delivery of services, private sector innovation and skills in maintaining the assets/facilities throughout the concession period. Thus, the structuring of a PPP project brings together the relevant private sector parties, each with clearly defined roles and risks undertakings. The main parties in PPP projects typically comprise the special purpose vehicle created to undertake the PPP project; financiers; construction contractor; facilities management operator; and the public sector as the procuring authority. PPP projects implemented via the privatisation model involves a concession period of at least seven years, while PPP projects implemented via the PFI model typically involves a 15 to 25 year concession period. As at June 2016, 824 privatisation and PPP projects in the transportation, road, communications, health and energy sectors have been established.

In the Association of Southeast Asian Nations (ASEAN) region, PPPs are seen to be beneficial in meeting ASEAN infrastructure needs. Private participation in infrastructure development can enhance existing public capacity in providing economic and social infrastructure encompassing transport, telecommunication, power, water, sanitation, health and education facilities. The master plan for ASEAN Connectivity highlights the importance of an enhanced infrastructure base as a critical prerequisite to fostering economic and social development and regional connectivity. The master plan for ASEAN Connectivity is envisaged to connect ASEAN through enhanced physical infrastructure development, effective institutional arrangements and empowered people by 2025.

LAWS AND REGULATIONS IN MALAYSIA

The following is an overview of the material laws and regulations that are relevant to the business operations of our subsidiaries in Malaysia:

Laws and regulations relating to construction activities in Malaysia

Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994

The Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994 (Construction Industry Development Act Malaysia 1994 or "**CIDB Act**") which applies throughout Malaysia, regulates the establishment of the Lembaga Pembangunan Industri Pembinaan Malaysia, or CIDB, and provides for its function relating to the construction industry and for matters connected therewith.

Pursuant to the CIDB Act, a contractor is a person who carries out or completes or undertakes to carry out or complete any construction works and for the purpose of the CIDB Act, any person who has been awarded or executed any contracts for construction works, or has undertaken to carry out, manage or complete any construction works, or has carried out, managed or completed any construction works, shall be deemed to be a contractor unless proven otherwise.

Under the CIDB Act, "construction works" means the construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling, or demolition of:

(i) any building, erection, edifice, structure, wall, fence or chimney, whether constructed wholly or partly above or below ground level;

(ii) any road, harbour works, railway, cableway, canal or aerodrome;

(iii) any drainage, irrigation or river control works;

(iv) any electrical, mechanical, water, gas, petrochemical or telecommunication works; or

(v) any bridge, viaduct, dam, reservoir, earthworks, pipeline, sewer, aqueduct, culvert, drive, shaft, tunnel or reclamation works,

and includes –

(I) any works which form an important and integral part of or are preparatory to or temporary for the works described in (i) – (v) above, including site clearance, soil investigation and improvement, earth-moving, excavation, laying of foundation, site restoration and landscaping; or

(II) procurement of construction materials, equipment or workers, necessarily required for any work described in (i) – (v) above.

In Malaysia, a contractor must register with the CIDB and hold a valid certificate of registration issued by the CIDB under the CIDB Act in order to carry out or complete, undertake to carry out or complete any construction works or hold himself as a contractor. Failure to register with the CIDB constitutes an offence and on conviction, the party in breach of the CIDB Act may be liable to a fine of not less than RM10,000.00 but not more than RM100,000.00.

Every contractor, whether registered under CIDB Act or not, is subject to the CIDB Act.

Pursuant to Sections 30(1) and (1A) of the CIDB Act, where the CIDB finds that construction works are being carried out or completed or undertaken to be carried out or completed by any person who is not registered with CIDB under the CIDB Act or by a registered contractor in contravention of any provision of the CIDB Act, the CIDB may by notice in writing served on him require him to abstain from commencing or proceeding with the construction works or from undertaking to carry out or complete the construction works, with or without conditions.

Failure to comply with Sections 30(1) and 30(1A) of the CIDB Act constitutes an offence and on conviction, the party in breach of the CIDB Act shall be liable to a fine not exceeding RM5,000.00 and in the case of a continuing offence, to a fine not exceeding RM1,000.00 for every day or part of a day during which the offence continues after conviction.

According to the Contractor Registration Requirements and Procedures Handbook issued by the CIDB in March 2016, the certification of registration issued by the CIDB is valid for a minimum period of one year and a maximum term not exceeding 3 years, unless cancelled, suspended or revoked earlier by the CIDB. There are 3 categories of registrations, namely building construction, civil engineering and mechanical and electrical. The scope of registration may further be classified into the following 7 grades with each grade having different tendering capacity:

Grade	Tendering capacity	Paid-up capital (RM)	Personnel technical requirement
G1	Not exceeding RM200,000.00	5,000.00	One technical certificate holder in construction-related fields (if any)
G2	Not exceeding RM500,000.00	25,000.00	One technical certificate holder in construction-related fields (if any)
G3	Not exceeding RM1,000,000.00	50,000.00	One technical certificate holder in construction-related fields (if any)
G4	Not exceeding RM3,000,000.00	150,000.00	One diploma holder in construction-related fields
G5	Not exceeding RM5,000,000.00	250,000.00	One diploma holder in construction-related fields (with a minimum 5 years of experience in construction works) or one degree holder in construction-related fields (with minimum 1 year of experience in construction works)
G6	Not exceeding RM10,000,000.00	500,000.00	One degree holder in construction-related fields and one diploma holder in construction-related fields, where one of the holders must possess minimum 3 years of experience in construction works
G7	No limit	750,000.00	One degree holder in construction-related fields and one diploma holder in construction-related fields where both holders must possess minimum 5 years of experience in construction works; or 2 degree holders in construction-related fields, where one of the holders must possess minimum 5 years of experience in construction works

According to Section 34(1) of the CIDB Act, every contractor shall declare and submit to the CIDB, in the manner as may be prescribed by the CIDB, any contract which he has been awarded on any construction works. For every contract referred to in Section 34(1) of the CIDB Act, whether stamped or not, having a contract sum of above RM500,000.00, the contractor shall be liable to pay to the CIDB a levy calculated at the rate of a quarter per centum of the contract sum. Where a contractor fails to pay any levy due within the prescribed period by the CIDB, the contractor shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000.00 or four times the amount of such levy payable, whichever is higher.

The contractor is required to declare and submit to the CIDB the CIDB L1/96 form for any construction works awarded within 14 days or before the project is executed or whichever comes first. The CIDB will thereafter issue a levy imposition notification in CIDB L2/96 form ("**CIDB L2/96 Form**") to notify the contractor on the amount of levy payable by the contractor. The levy must be settled within 30 days from the date the CIDB L2/96 Form is issued. In the event the contractor fails to pay the levy within the aforesaid 30 days period, a notice of demand will be issued to the contractor ("**Notice of Demand**"). The contractor must settle the payment within 21 days from the date the Notice of Demand is issued to avoid disciplinary and legal action. In the event the contractor fails to pay the levy within such 21 days period, the contractor's certificate of registration may be suspended, revoked or cancelled. In the event legal action is initiated, on conviction, the contractor will be liable to a fine not exceeding RM50,000.00 or 4 times the levy payable by the contractor, whichever is higher.

Water Services Industry Act 2006

The Water Services Industry Act 2006 ("**WSIA**") regulates water supply services and sewerage services and matters incidental thereto in Peninsular Malaysia and the Federal Territories of Putrajaya and Labuan.

Under Section 50(1) of the WSIA, subject to such exemptions as may be specified by Suruhanjaya Perkhidmatan Air Negara (National Water Services Commission or "**NWSC**"), no person shall:

(i) carry out any construction, connection, modifications or repairs to water pipes and water fittings which convey or will convey water from the public mains;

(ii) carry out any works necessary to connect a private connection pipe to a sewer or sewerage treatment works;

(iii) construct, install or modify any part of a water supply system or sewerage system;

(iv) carry out maintenance services for a water supply system or a sewerage system but does not involve the operation of such systems; or

(v) undertake, provide or make available sewerage desludging services or any other sewerage services,

without a written permit issued by the NWSC established under the Suruhanjaya Perkhidmatan Air Negara Act 2006 (National Water Services Commission Act 2006).

A person who fails to comply with Section 50(1) of the WSIA commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000.00 or to imprisonment for a term not exceeding 3 years or to both.

Street, Drainage and Building Act 1974

The Street, Drainage and Building Act 1974 ("**SDBA**") provides uniformity of law and policy to make laws with regard to local government matters relating to street, drainage and buildings in Peninsular Malaysia.

Pursuant to Section 70A(1) of the SDBA, no person shall commence or carry out or permit to be commenced or carried out any earthworks without having first submitted to the local authority plans and specifications in respect of the earthworks and obtained the approval of the local authority.

Pursuant to Section 70A(2) of the SDBA, where earthworks are to be commenced or carried out for the purpose of the construction of any building, street, drain, sewer, or embankment, or for the laying of any cable or pipe, or for the purpose of any other construction or work whatsoever, the plans and specifications relating to such construction or work required to be submitted under the SDBA or any by-laws made thereunder shall be submitted to the local authority at the same time as the plans and specifications in respect of the earthworks.

Any person who contravenes any provision of Section 70A of the SDBA or fails to comply with any direction or order given under such section or does any act to obstruct in any manner whatsoever the entry or the execution of any work authorised to be effected or executed under such section by or on behalf of the local authority shall upon conviction be guilty of an offence and shall be liable to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM50,000.00 or to both, and in the case of a continuing offence to a fine which may extend to RM500.00 for every day during which the offence is continued.

Further, where a person has been convicted of an offence pursuant to the paragraph above, the local authority may revoke the approval of the plans and specifications given under Section 70(A)(1) of the SDBA, and the person carrying out the earthworks shall upon receipt of the notice of such revocation forthwith cease the whole of the earthworks.

Electricity Supply Act 1990

The Electricity Supply Act 1990 ("**ESA**") which applies throughout Malaysia, provides regulations in respect of the electricity supply industry, the supply of electricity at reasonable prices, the licencing of any electrical installation, the control of any electrical installation, plant and equipment with respect to matters relating to the safety of persons and the efficient use of electricity and for purposes connected therewith.

Pursuant to Regulation 75 of the Electricity Regulations 1994 ("**Regulations**"), no person shall perform or carry out any electrical work unless he holds a valid certificate of registration as an electrical contractor issued under the Regulations. A person who contravenes any provisions of the Regulations shall be guilty of an offence and shall on conviction, be liable to a fine not exceeding RM5,000.00 and/or to imprisonment for a term not exceeding one year in accordance with Regulation 122 of the Regulations.

Construction Industry Payment and Adjudication Act 2012

The Construction Industry Payment and Adjudication Act 2012 ("**CIPAA**") facilitates regular and timely construction industry payments, provides a mechanism for speedy dispute resolution through adjudication and provides remedies for the recovery of payments in the construction industry and matters incidental thereto.

The CIPAA applies to every construction contract made in writing relating to construction work carried out wholly or partly within the territory of Malaysia, including a construction contract entered into by the Government of Malaysia. The CIPAA does not apply to construction contract entered into by natural person for any construction works in respect of buildings less than 4 storeys high and which is wholly intended for his occupation.

Malaysia Standards

As of 30 June 2017, the Department of Standards Malaysia, under the purview of the Ministry of Science, Technology and Innovation, had issued 347 mandatory standards for the Buildings Construction and Civil Engineering under category "ISC D", while the Mechanical Engineering under category "ISC F" features 268 mandatory standards.

As the scope of these mandatory standards is wide, many different authorities are tasked with their enforcement. Among these include CIDB, state governments and the Department of Occupational Safety and Health. For instance, CIDB, in collaboration with other organisations including the Public Works Department, the National Housing Department, the Real Estate and Housing Developers Association (REHDA), the Malaysian Institute of Architects, the Master Builders Association Malaysia (MBAM) and the National House Buyers Association (HBA), has issued its own construction industry standard known as CIS 7:2006 on quality assessment system for building construction work. This quality assessment system for building construction work is an independent method to assess and evaluate the quality of workmanship and assessment procedures for building construction work in Malaysia, as part of the Quality Assessment System in Construction (QLASSIC).

Laws and regulations in relation to Labour, Health and Safety

Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 ("**OSHA**") provides provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work and for matters connected therewith and applies throughout Malaysia to the industries specified in the OSHA.

Employers and every self-employed person must as far as is practicable, ensure the safety, health and welfare at work of all their employees by (including but without limitation):

(i) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;

(ii) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;

(iii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of their employees;

(iv) so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and

(v) the provision and maintenance of a working environment for their employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.

For the purposes of this paragraph –

(a) "employee" includes an independent contractor engaged by an employer or a self-employed person and any employee of the independent contractor; and

(b) the duties of an employer or a self-employed person extend to such an independent contractor and the independent contractor's employees in relation to matters over which the employer or self-employed person –

(i) has control; or

(ii) would have had control but for any agreement between the employer or self-employed person and the independent contractor to the contrary.

Failure to comply with any of the above provisions constitutes an offence and on conviction the employer or the self-employed person is liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 2 years or to both.

The Department of Occupational Safety and Health ("**DOSH**") officer may also issue (i) an improvement notice against any non-compliance of the OSHA; or (ii) a prohibition notice against an employer if in general an activity is undertaken at the workplace may create an immediate danger to life or property. Failure to comply with such notice without reasonable excuse constitutes an offence and on conviction, the employer is liable to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 5 years or to both, and to a further fine of RM500.00 for each day during which the offence continues.

The DOSH is responsible for ensuring that companies have taken proper steps to provide a safe and healthy working environment for their employees.

Destruction of Disease-Bearing Insects Act 1975

The Destruction of Disease-Bearing Insects Act 1975 ("**DDIA**") which applies throughout Malaysia, provides for the destruction and control of disease-bearing insects and for the medical examination and treatment of persons suffering from insect-borne diseases and for matters connected therewith.

Pursuant to Section 8(1) of the DDIA, where it appears to the Director General of Health ("**Director General of Health**") or a Medical Officer of Health ("**Medical Officer**") or an inspector that any premises or anything therein is likely to propagate or harbour any disease-bearing insects, he may in writing order such owner or occupier to take specified measures or to do any work with regard to the premises or for the treatment, destruction or removal of anything therein as to make the premises or conditions therein unfavourable to the propagation or harbouring of the disease-bearing insects.

Pursuant to Section (8)(3)(aa) of the DDIA, the Director General of Health or a Medical Officer or an inspector may in the same order direct that the premises or any part thereof be closed until the specified measures or work are taken or done or completed and the premises are no longer likely to propagate or harbour disease-bearing insects. The orders may be given to the owner or occupier of any premises and to any person therein, including his agents and servants.

Pursuant to Section (8)(8) of the DDIA, any person who (i) removes or renders less effective any insecticide applied by the Director General of Health or a Medical Officer or an inspector; or (ii) refuses, fails or neglects to comply with any written order by such authorities; or (iii) disturbs or removes anything done by the Director General of Health or a Medical Officer or an inspector under the DDIA shall be guilty of an offence under the DDIA.

Pursuant to Section 23 of the DDIA, any person guilty of an offence under the DDIA or any regulation made thereunder for which no specific penalty is provided shall be liable on conviction:

(i) in respect of a first offence to a fine not exceeding RM10,000.00 or to imprisonment for a term not exceeding 2 years or to both;

(ii) in respect of a second or subsequent offence to a fine not exceeding RM50,000.00 or to imprisonment for a term not exceeding 5 years or to both; and

(iii) in respect of a continuing offence to a further fine not exceeding RM5.00 for every day that the offence is continued.

Laws and regulations in relation to environmental protection in Malaysia

Environmental Quality Act 1974

The Environmental Quality Act 1974 ("**EQA**") relates to the prevention, abatement, control of pollution and enhancement of the environment and shall apply to the whole of Malaysia.

Pursuant to Section 22(1) of the EQA, unless licenced, no person shall emit or discharge any environmentally hazardous substances, pollutants or wastes into the atmosphere in contravention of the acceptable conditions specified under Section 21 of the EQA. Any person who contravenes Section 22(1) of the EQA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM1,000.00 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality ("**Director General of Environmental Quality**") requiring him to cease the act specified therein has been served upon him.

Pursuant to Section 23(1) of the EQA, unless licenced, no person shall emit or cause or permit to be emitted any noise greater in volume, intensity or quality in contravention of the acceptable conditions specified under Section 21 of the EQA. Any person who contravenes Section 23(1) of the EQA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding

RM100,000.00 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM500.00 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served upon him.

Pursuant to Section 24(1) of the EQA, unless licenced, no person shall pollute or cause or permit to be polluted any soil or surface of any land in contravention of the acceptable conditions specified under Section 21 of the EQA. Any person who contravenes Section 24(1) of the EQA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM1,000.00 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served upon him.

Pursuant to Section 25(1) of the EQA, unless licenced, no person shall emit, discharge or deposit any environmentally hazardous substances, pollutants or wastes into any inland waters in contravention of the acceptable conditions specified under Section 21 of the EQA. Any person who contravenes Section 25(1) of the EQA shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000.00 or to imprisonment for a period not exceeding 5 years or to both and to a further fine not exceeding RM1,000.00 a day for every day that the offence is continued after a notice by the Director General of Environmental Quality requiring him to cease the act specified therein has been served upon him.

The Department of Environment ("**DOE**") is established to prevent, eliminate, control pollution and improve the environment which is consistent with the purposes of the EQA. The DOE is also responsible for the implementation of Malaysia's environmental regulations and policies.

Laws and regulations in relation to employment

Employment Act 1955

The Employment Act 1955 ("**EA**") stipulates the rights and welfare benefits and other minimum terms and conditions for certain categories of workers which all employers are required to comply with, and applies to Peninsular Malaysia.

The following types of employees fall within the purview of the EA:

(a) Any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person's wages does not exceed RM2,000.00 a month.

(b) Any person who, irrespective of the amount of wages he earns in a month, has entered into a contract of service with an employer in pursuance of which –

(i) he is engaged in manual labour including such labour as an artisan or apprentice, provided that where a person is employed by one employer partly in manual labour and partly in some other capacity such person shall not be deemed to be performing manual labour unless the time during which he is required to perform manual labour in any one wage period exceeds one-half of the total time during which he is required to work in such wage period;

(ii) he is engaged in the operation or maintenance of any mechanically propelled vehicle operated for the transport of passengers or goods or for reward or for commercial purposes;

(iii) he supervises or oversees other employees engaged in manual labour employed by the same employer in and throughout the performance of their work;

(iv) he is engaged in any capacity in any vessel registered in Malaysia and who –

(A) is not an officer certificated under the Merchant Shipping Acts of the United Kingdom as amended from time to time;

(B) is not the holder of a local certificate as defined in Part VII of the Merchant Shipping Ordinance 1952; or

(C) has not entered into an agreement under Part III of the Merchant Shipping Ordinance 1952; or

(v) he is engaged as a domestic servant.

For the purpose of the EA –

(a) "contract of service" means any agreement, whether oral or in writing and whether express or implied, whereby one person agrees to employ another as an employee and that other agrees to serve his employer as an employee and includes an apprenticeship contract; and

(b) "wages" means basic wages and all other payments in cash payable to an employee for work done in respect of his contract of service, but does not include –

(i) the value of any house accommodation or the supply of any food, fuel, light or water or medical attendance, or of any approved amenity or approved service;

(ii) any contribution paid by the employer on his own account to any pension fund, provident fund, superannuation scheme, retrenchment, termination, lay-off or retirement scheme, thrift scheme or any other fund or scheme established for the benefit or welfare of the employee;

(iii) any travelling allowance or the value of any travelling concession;

(iv) any sum payable to the employee to defray special expenses entailed on him by the nature of his employment;

(v) any gratuity payable on discharge or retirement; or

(vi) any annual bonus or any part of any annual bonus.

According to Section 8 of the EA, a contract of service shall not in any manner restrict the right of any employee who is a party to such contract –

(a) to join a registered trade union;

(b) to participate in the activities of a registered trade union, whether as an officer of such union or otherwise; or

(c) to associate with any other persons for the purpose of organising a trade union in accordance with the Trade Unions Act 1959.

Pursuant to Section 11(1) of the EA, a contract of service for a specified period of time or for the performance of a specified piece of work shall, unless otherwise terminated in accordance with the EA, terminate when the period of time for which such contract was made has expired or when the piece of work specified in such contract has been completed.

Section 12(2) of the EA states that the length of notice of termination shall be the same for both employer and employee and shall be determined by a provision made in writing for such notice in the terms of the contract of service, or, in the absence of such provision in writing, shall not be less than –

(a) 4 weeks' notice if the employee has been so employed for less than 2 years on the date on which the notice is given;

(b) 6 weeks' notice if he has been so employed for 2 years or more but less than 5 years on such date; and

(c) 8 weeks' notice if he has been so employed for 5 years or more on such date,

provided that this section shall not be taken to prevent either party from waiving his right to a notice under this subsection.

Pursuant to Section 19(1) of the EA, every employer shall pay to each of his employees their wages not later than 7 days after the last day of any wage period, less lawful deductions earned by such employee during such wage period.

According to Section 69(1) of the EA, the Director General of Labour appointed under the EA ("**Director General of Labour**") may inquire into and decide any dispute between an employee and his employer in respect of wages or any other payments in cash due to such employee under –

(a) any term of the contract of service between such employee and his employer;

(b) any of the provisions of the EA or any subsidiary legislation made thereunder; or

(c) the provisions of the Wages Councils Act 1947 or any order made thereunder,

and, in pursuance of such decision, may make an order in the prescribed form for the payment by the employer of such sum of money as he deems just without limitation of the amount thereof.

Pursuant to Section 69(4) of the EA, any person who fails to comply with any decision or order of the Director General of Labour made under this section commits an offence and shall be liable, on conviction, to a fine not exceeding RM10,000.00, and shall also, in the case of a continuing offence, be liable to a daily fine not exceeding RM100.00 for each day the offence continues after conviction.

Pursuant to Section 69B of the EA, the power of such Director General of Labour under Section 69(1)(a) also extends to employees whose wages per month exceed RM2,000.00 but does not exceed RM5,000.00.

The Ministry of Human Resource is responsible for monitoring and ensuring that companies are in compliance with the EA and to protect the welfare of employees.

Employment (Restriction) Act 1968

The Employment (Restriction) Act 1968 ("**ERA**") provides for the restriction of employment in certain business activities in Malaysia of persons not being citizens and the registration of such persons and for matters connected therewith.

Section 5 of the ERA prohibits a person from employing a non-citizen of Malaysia unless there has been issued in respect of that person a valid employment permit.

Section 13(1) of the ERA stipulates that subject to any exemption which may be granted under the ERA, every person not being a citizen of the class or classes or in the category or categories of employment or business shall be registered.

The employment of foreign workers is subject to the approval of the Ministry of Home Affairs ("**MOH**"). A foreign worker whose employment is approved by the MOH is required to obtain a Visit Pass (Temporary Employment) from the Malaysian Immigration Department ("**Visit Pass**"). The Visit Pass is granted with conditions, and can be revoked if its conditions are contravened.

Pursuant to Section 18(1) of the ERA, any person, who fails to comply with Section 5 or Section 13 of the ERA shall be guilty of an offence and shall on conviction be liable to a fine not exceeding RM5,000.00 or to imprisonment for a term not exceeding 1 year or to both. Further, pursuant to Section 18(3) of the ERA, every omission or neglect to comply with, and every act done or attempted to be done contrary to the ERA or of any regulations made thereunder, or any breach of the conditions and restrictions subject to or upon which an employment permit is issued under the ERA, shall be an offence against the ERA and the offender shall, if no penalty is expressly provided, be liable on conviction to a fine not exceeding RM1,000.00 or to imprisonment for a term not exceeding 6 months or to both and, in the case of a continuing offence, to a further fine not exceeding RM100.00 a day.

Employees Provident Fund Act 1991

The Employees Provident Fund Act 1991 ("**EPF Act**"), which applies throughout Malaysia, provides for the law relating to a scheme of savings for employees' retirement and the management of the savings for retirement purposes and for matters incidental thereto.

Pursuant to Section 43(1) of the EPF Act, every employee and every employer of a person who is an employee within the meaning of the EPF Act shall be liable to pay monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPF Act.

Any person being an employer who fails to pay to any contributions which he is liable under the EPF Act to pay in respect of or on behalf of any employee in respect of any month shall be guilty of an offence and shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000.00 or to both.

For the purposes of the EPF Act –

(a) "employee" means any person, not being a person of the descriptions specified in the First Schedule of the EPF Act, who is employed under a contract of service or apprenticeship, whether written or oral and whether expressed or implied, to work for an employer; and

(b) "employer" means the person with whom an employee has entered into a contract of service or apprenticeship and includes –

(i) a manager, agent or person responsible for the payment of salary or wages to an "employee";

(ii) any body of persons whether or not statutory or incorporated; and

(iii) any Government, department of Government, statutory bodies, local authorities or other bodies specified in the Second Schedule of the EPF Act and, where an employee is employed with any such Government, department, authority or body or with any officer on behalf of any such Government, department, authority or body, the officer under whom such employee is working shall be deemed to be an employer.

Employee's Social Security Act 1969

The Employees' Social Security Act 1969 ("**SOCSO Act**"), which applies throughout Malaysia, provides social security in certain contingencies and makes provision for certain other matters in relation to it.

The SOCSO Act applies to all industries having one or more employees. The SOCSO Act shall not apply to persons prescribed in the First Schedule of the SOCSO Act, which includes amongst others:

(a) any person whose employment is of casual nature and who is employed otherwise than for the purposes of the employer's industry; and

(b) a domestic servant, that is, a person employed exclusively in the work or in connection with work of a private dwelling house and not of any trade, business or profession carried on by the employer in such dwelling house and includes a cook, house servant (including bedroom and kitchen servants), waiter, butler, child's or baby's nurse, valet, footman, gardener, washerman or washerwoman, watchman, groom and driver or cleaner of any vehicle licenced for private use.

For the purposes of the SOCSO Act, "employee" means any person who is employed for wages under a contract of service or apprenticeship with an employer, whether the contract is expressed or implied or is oral or in writing, on or in connection with the work of an industry to which the SOCSO Act applies and –

(i) who is directly employed by the principal employer on any work of, or incidental or preliminary to or connected with the work of, the industry, whether such work is done by the employee on the premises of the industry or elsewhere;

(ii) who is employed by or through an immediate employer on the premises of the industry or under the supervision of the principal employer or his agent on work which is ordinarily part of the work of the industry or which is preliminary to the work carried on in or incidental to the purpose of the industry; or

(iii) whose services are temporarily lent or let on hire to the principal employer by the person with whom the person whose services are so lent or let on hire has entered into a contract of service.

Pursuant to Section 5(1) of the SOCSO Act, all employees in industries to which the SOCSO Act applies, irrespective of the amount of wages, shall be insured in the manner provided by the SOCSO Act.

Pursuant to Section 6 of the SOCSO Act, the contribution payable under the SOCSO Act in respect of an employee shall comprise contribution payable by the employer (hereinafter referred to as the employer's contribution) and contribution payable by the employee (hereinafter referred to as the employee's contribution) and shall be paid to the Social Security Organisation. The contributions fall into 2 categories, namely –

(i) the contributions payable by or on behalf of the employees insured against the contingencies of invalidity and employment injury; and

(ii) the contributions payable by or on behalf of employees insured only against the contingency of employment injury.

The contributions of the various categories shall be paid in accordance with the rates specified in the Third Schedule of the SOCSO Act.

According to Section 94 of the SOCSO Act, if any person amongst others fails to pay any contribution or any part thereof which is payable by him under the SOCSO Act or fails to pay within the time prescribed by regulations any interest payable or is guilty of any contravention of or non-compliance with any of the requirements of the SOCSO Act or the rules or the regulations in respect of which no special penalty is provided, he shall be punishable with imprisonment for a term which may extend to 2 years, or with a fine not exceeding RM10,000.00, or with both.

Minimum wages

Pursuant to the Minimum Wages Order 2016, the minimum wages rates for employees in Peninsular Malaysia is RM1,000.00 per month.

Laws and regulations relating to taxation

Dividends and distributions

All dividends and other distributions payable on the shares of each of our subsidiaries may under the current laws and regulations of Malaysia be converted and paid in any other foreign currency and be remitted out of Malaysia without the necessity of obtaining any authorisation, approval, consent or licence of any governmental or regulatory body or authority in Malaysia.

All such dividends payable to its shareholders will not be subject to withholding or other taxes under the laws and regulations of Malaysia.

Corporate income tax

The standard corporate tax rate is 24%, whilst the rate for resident small and medium sized companies (i.e. companies incorporated in Malaysia with paid-up capital of RM2.5 million or less and that are not part of a group containing a company exceeding this capitalisation threshold) is 18% on the first RM500,000.00, with the balance being taxed at the 24% rate with effect from year of assessment 2017.

Withholding Tax

Pursuant to Section 107A(1) of the Income Tax Act 1967 ("**ITA**"), where any person ("**payer**") is liable to make contract payment to a non-resident contractor in respect of services under a contract, he shall upon paying or crediting such contract payment deduct therefrom tax at the rate stated below:

(i) 10% of the contract payment on account of tax which is or may be payable by that non-resident contractor for any year of assessment; and

(ii) 3% of the contract payment on account of tax which is or may be payable by employees of that non-resident contractor for any year of assessment,

and (whether or not that tax is so deducted) shall within one month after paying or crediting such contract payment render an account and pay the amount of that tax to the Director General of Inland Revenue ("**Director General of Inland Revenue**").

Pursuant to Section 107A(2) of the ITA, where the payer fails to pay any amount due from him under subsection (1) above, the amount which he fails to pay shall be increased by a sum equal to 10% of the amount which he fails to pay, and that amount and the increased sum shall be a debt due from him to the Government and shall be payable forthwith to the Director General of Inland Revenue.

Goods and Services Tax

With effect from 1 April 2015, the Goods and Services Tax ("**GST**") was implemented in Malaysia at a rate of 6% pursuant to the Goods and Services Tax Act 2014. GST is chargeable on all taxable supply of goods or services that are made by a taxable person in the course or furtherance of a business in Malaysia, and is also charged on the importation of goods or services into Malaysia.

A "taxable person" is a person who makes taxable supplies in Malaysia that has an annual turnover exceeding RM500,000.00. A taxable person is required to be registered for GST purposes.

In general, supply for GST purposes covers all forms of supply of goods and services in return for consideration, whether monetary or in kind. A taxable supply may either be standard rated or zero-rated. Standard rated supplies are goods or services supplied by businesses that are subject to GST at the standard rate of 6% unless prescribed as zero-rated or exempt. Zero-rated supplies are goods or services supplied by businesses that are subject to a GST rate of 0%. Exempt supplies are goods or services supplied by businesses that are not subject to GST.

Selling restrictions in respect of the Global Offering and Listing

No action has been taken or will be taken to register this prospectus (in whole or in part) or any offering material, circular or document in connection with the Global Offering and the Listing with the Securities Commission Malaysia ("**Commission**") for the Commission's approval pursuant to the Capital Markets and Services Act 2007 ("**CMSA**"). Accordingly, this prospectus and any offering material, circular or document in connection with the Global Offering and the Listing will not be circulated or distributed, nor will the Offer Shares under the Global Offering be offered for subscribe or purchase, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than –

(i) a unit trust scheme, prescribed investment scheme or private retirement scheme;

(ii) Central Bank of Malaysia established under the Central Bank of Malaysia Act 2009;

(iii) a holder of a Capital Markets Services Licence granted pursuant to Section 61 of the CMSA;

(iv) an Executive Director or a chief executive officer of a holder of a Capital Markets Services Licence;

(v) a closed end fund approved by the Commission;

(vi) a bank licensee or insurance licensee as defined under the Labuan Financial Services and Securities Act 2010;

(vii) an Islamic bank licensee or takaful licensee as defined in the Labuan Islamic Financial Services and Securities Act 2010;

(viii) a licenced institution as defined in the Banking and Financial Institutions Act 1989 or an Islamic bank as defined in the Islamic Banking Act 1983;

(ix) an insurance company registered under the Insurance Act 1996 or a takaful operator registered under the Takaful Act 1984;

(x) a company that is registered as a trust company under the Trust Companies Act 1949 which has assets under management exceeding RM10 million or its equivalent in foreign currencies;

(xi) a corporation that is a public company under the Malaysian Companies Law which is approved by the Commission to be a trustee under the CMSA and has assets under management exceeding RM10 million or its equivalent in foreign currencies;

(xii) a corporation with total net assets exceeding RM10 million or its equivalent in foreign currencies based on the last audited accounts;

(xiii) a partnership with total net assets exceeding RM10 million or its equivalent in foreign currencies;

(xiv) a statutory body established by an Act of Parliament or an enactment of any State;

(xv) a pension fund approved by the Director General of Inland Revenue under Section 150 of the Income Tax Act 1967;

(xvi) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million or its equivalent in foreign currencies, excluding the value of the primary residence of the individual;

(xvii) an individual who has a gross annual income exceeding RM300,000.00 or its equivalent in foreign currencies per annum in the preceding 12 months;

(xviii) an individual who, jointly with his or her spouse, has a gross annual income exceeding RM400,000.00 or its equivalent in foreign currencies per annum in the preceding 12 months; and

(xix) any other person as may be specified by the Commission, in accordance with Section 229 of the CMSA provided that, in each of the preceding categories (i) to (xix), the distribution or circulation of this prospectus or any offering material, circular or document in connection with the Global Offering and the Listing or the offer for subscribe or purchase of, or invitation to subscribe for or purchase of the Offer Shares under the Global Offering is made through a holder of a Capital Markets Services Licence (as defined in the CMSA) who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. Under no circumstance shall this prospectus constitute and be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of this prospectus with the Commission under the CMSA.

HISTORY AND DEVELOPMENT

Background and establishment of our Group

Our Group is principally engaged in the provision of a wide range of construction services.

Our origin can be traced back to 1996, when our founder Tan Sri Barry Goh, who originally engaged in trading business, decided to venture into construction business and established BGMC Corporation with his own financial resources jointly with a practitioner in the construction industry, an Independent Third Party. When incorporated, BGMC Corporation was owned as to 30.0% by our founder and 70.0% by such individual. Our founder collaborated with such individual to commence the building works in Malaysia. One year later, our founder took over the business together with his brother, Dato' Danny Goh and BGMC Corporation was owned as to 60.0% by our founder and 40.0% by Dato' Danny Goh. The business operations of BGMC Corporation was relatively small scale at the initial stage. In order to attract new business opportunities for and expand the business operations of BGMC Corporation, the controlling stake of BGMC Corporation was transferred twice to Ir. Azham Malik, our Executive Director and an Independent Third Party, respectively during the period from 1998 to 2002. Such transfers were to incentivise them to expand the business scale of BGMC Corporation. Notwithstanding such incentive scheme, the business operations of BGMC Corporation remained small scale during the initial period.

In 2002, our founder Tan Sri Barry Goh decided to focus his attention on MCT, a property development company and an excluded business. For details of MCT, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus. Each of Mazlan bin Yusof, who was also a practitioner in the construction industry, and his wife therefore acquired 99.0% and 1.0% shareholding in BGMC Corporation, respectively and continued to run the building works in Malaysia. In 2011, a nephew of our founder, Dato' Michael Teh joined BGMC Corporation as the sole project director who was responsible for overall management of construction projects of BGMC Corporation. After his joining, BGMC Corporation obtained two large-scale construction contracts at an aggregate contract value of approximately RM93.6 million from the Sime Darby Group, which is one of our largest customers during the Track Record Period. The business operations of BGMC Corporation grew significantly thereafter.

In 2012, in order to expand our business to government concession project in Malaysia, BGMC Corporation acquired 25.0% interest in KAS Engineering from an Independent Third Party. The remaining interests were owned as to 20.4% by Tan Sri Barry Goh, our founder; 25.0% by Dato' Arifin, an Executive Director, 9.6% by Dato' Michael Teh, an Executive Director, and 20.0% by Mazlan bin Yusof.

In 2014, Dato' Michael Teh became an Executive Director of BGMC Corporation in May, and due to the deteriorating health concern of Mazlan bin Yusof, he transferred all his 99.0% shareholding in BGMC Corporation to Ir. Azham Malik, who was his close friend and our Executive Director, in the same month. Mazlan bin Yusof passed away in June.

After Dato' Michael Teh became an Executive Director of BGMC Corporation, BGMC Corporation has expanded into a diversified construction group through consolidation of specialist construction companies interested by our Controlling Shareholders and/or our Executive Directors. In September 2014, BGMC Corporation acquired 50.0% interest in Headway Construction from B&G Capital, which was then jointly owned by Tan Sri Barry Goh and his brother. Headway Construction is principally engaged in earthworks and infrastructure construction works in Malaysia, in which Dato' Michael Teh has been a director since November 2011. In May 2015, BGMC Corporation acquired 80.0% interest in Built-Master Engineering, which owns 100.0% interests in Built-Master Elevator Engineering, from B&G Capital, which was also then jointly owned by Tan Sri Barry Goh and his brother. Built-Master Engineering, in which Dato' Michael Teh has been a director since 2012, is principally engaged in mechanical and electrical engineering works in Malaysia, and Built-Master Elevator Engineering is its wholly-owned subsidiary planned to venture into lift distribution and installation works in Malaysia. In September 2015, a further shareholding restructuring was conducted, in which on the same day: (i) Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin became 64.0%, 30.0% and 6.0% shareholders of BGMC Builder, respectively, which was designed to act as the holding company of BGMC Corporation and its group companies; (ii) BGMC Builder acquired 99.0% and 1.0% interests in BGMC Corporation from Ir. Azham Malik and the wife of Mazlan bin Yusof; (iii) BGMC Corporation acquired an additional 25.0%, 20.4%, 20.0% and 9.6% interests in KAS Engineering from Dato' Arifin, Tan Sri Barry Goh, Premtastic Development (jointly owned by Dato' Arifin and the wife of Mazlan bin Yusof) and Dato' Michael Teh, respectively, which enabled BGMC Corporation to further expand into the business of government concession project in Malaysia, in which Tan Sri Barry Goh and Dato' Arifin have been directors since 2011; and (iv) BGMC Corporation acquired an additional 1.0% shareholding in Headway Construction, which enabled BGMC Corporation to further expand into the business of earthworks and infrastructure works in Malaysia. After this shareholding restructuring, a diversified construction group was formed with the operations conducted through BGMC Corporation, KAS Engineering, Headway Construction, Built-Master Engineering and Built-Master Elevator Engineering, while BGMC Builder acts as a holding company.

Major milestones of the companies comprising our Group

Our major business development and achievements are set forth below:

Milestone year	Event
2011	BGMC Corporation was awarded two construction contracts at an aggregate contract value of approximately RM93.6 million by the Sime Darby Group.
2012	KAS Engineering was awarded the UiTM BLMT Project.
2013	Headway Construction purchased 18 units of 30-tonne excavators to increase earthworks moving capacity and commenced earthworks at a site of over 400 acres.
2014	BGMC Corporation completed and handed over five low-rise residential projects to the Sime Darby Group and commenced construction of BGMC Corporation's first high-rise residential project for this customer.
	BGMC Corporation was awarded a construction contract of an aggregate value of RM580.0 million by D'Pristine Medini Sdn Bhd for its construction project at Johor, Malaysia.
	BGMC Corporation was awarded the 10th MOSHPA OSH Excellence Award (Gold Award) for occupational safety and health on civil construction 2014.
	BGMC Corporation was awarded the CIDB Quality Assurance High-Scorer Award for one of its construction projects.

Milestone year	Event
2015	BGMC Corporation was awarded the 11th MOSHPA OSH Excellence Award (Gold Award) for occupational safety and health on civil construction 2015.
	BGMC Corporation was awarded by the Sime Darby Group a construction contract of an aggregate contract value of RM178.9 million for BGMC Corporation's second high-rise residential project for this customer.
2016	BGMC Corporation was awarded a refurbishment project for the National and Hockey Stadium at Bukit Jalil Sport Centre in preparation for the South East Asian Games in 2017.
	BGMC Corporation was awarded the High QLASSIC Achievement (in conjunction with QLASSIC Excellence Award 2016) by CIDB for the residential project located at Selangor, Malaysia.

Corporate History

As at the Latest Practicable Date, BGMC Corporation, KAS Engineering, Headway Construction and Built-Master Engineering were four principal operating subsidiaries of our Company, while BGMC Malaysia and BGMC Builder were principally investment holding companies, and Built-Master Elevator Engineering had no substantial business operations yet. A summary of the corporate history of each member of our Group is set out below.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2016 with an authorised share capital of HK$300,000.0 divided into 30,000,000 shares of HK$0.01 each. Our Company is an investment holding company. On the date of incorporation, one fully paid Share was issued to Reid Services Limited as the initial subscriber and such one subscriber Share was then being transferred to Prosper International on the even date, a company wholly-owned by Tan Sri Barry Goh. On the even date, 63, 30 and six fully paid Shares were issued and allotted to Prosper International, a company wholly-owned by Tan Sri Barry Goh; Seeva International, a company wholly-owned by Dato' Michael Teh; and Kingdom Base, a company wholly-owned by Dato' Arifin, respectively.

As consideration for acquiring the 100% issued share capital of BGMC Builder for the purpose of the Reorganisation, our Company, being the holding company of BGMC Malaysia, issued 576 Shares, 270 Shares, and 54 Shares to Tan Sri Barry Goh (registered in the name of Prosper International as nominee), Dato' Michael Teh (registered in the name of Seeva International as nominee) and Dato' Arifin (registered in the name of Kingdom Base as nominee) respectively, which was determined based on their respective shareholdings in BGMC Builder. Our Company was owned as to 64.0% by Prosper International, 30.0% by Seeva International and 6.0% by Kingdom Base immediately thereafter. Please refer to the paragraph headed "Reorganisation" in this section for further details.

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 5 January 2017.

Our Company will offer 450,000,000 Offer Shares in total for subscription under the Global Offering. Conditional upon the share premium account of our Company being credited as a result of the allotment and issue of 450,000,000 Offer Shares by our Company pursuant to the Global Offering, a sum of approximately HK$13,499,990 standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full at par 863,999,360 Shares, 404,999,700 Shares and 80,999,940 Shares to be allotted and issued to Prosper International, Seeva International and Kingdom Base, respectively, being the existing Shareholders immediately before the Listing.

BGMC Malaysia

BGMC Malaysia was incorporated in the BVI with limited liability on 24 November 2016. BGMC Malaysia is authorised to issue a maximum of 50,000 shares of a single class of US$1.00 each. On the even date, 100 shares of BGMC Malaysia were allotted and issued as fully paid to our Company. BGMC Malaysia is an investment holding company.

BGMC Builder

BGMC Builder, formerly known as Selzon Industry Sdn. Bhd., was incorporated in Malaysia under the Companies Act 1965 with limited liability on 2 July 2015 with an authorised share capital of RM400,000.0 divided into 400,000 shares of RM1.0 each. BGMC Builder is an investment holding company.

At the time of incorporation, BGMC Builder was a shelf company. On 18 September 2015, each of Tan Sri Barry Goh and Dato' Michael Teh acquired 1 share or 50.0% issued share capital of BGMC Builder from the nominee shareholders for a consideration of RM1.0. On 28 September 2015, to effect an agreed shareholding structure of BGMC Builder among Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin to act as a special purpose vehicle to acquire BGMC Corporation on the same date, 63 shares, 29 shares and six shares were allotted and issued, credited as fully-paid, to Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin, respectively. BGMC Builder was owned as to 64.0% by Tan Sri Barry Goh; 30.0% by Dato' Michael Teh; and 6.0% by Dato' Arifin immediately thereafter.

On 6 December 2016, Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin transferred their entire interest in BGMC Builder to BGMC Malaysia as part of the Reorganisation. Please see the paragraph headed "Reorganisation" in this section for further details.

As at the Latest Practicable Date, BGMC Builder was a direct wholly-owned subsidiary of BGMC Malaysia.

BGMC Corporation

BGMC Corporation, formerly known as APTF Engineering Sdn. Bhd., B & G Corporation Sdn. Bhd. and B&G Corporation Sdn. Bhd., was incorporated in Malaysia under the Companies Act 1965 with limited liability on 25 March 1996 with an authorised share capital of RM100,000.0 divided into 100,000 shares of RM1.0 each. BGMC Corporation is principally engaged in building construction in Malaysia.

At the beginning of the Track Record Period, the authorised share capital of BGMC Corporation was RM5,000,000.0 divided into 5,000,000 shares of RM1.0 each, with Mazlan bin Yusof and his wife holding 4,950,000 shares or 99.0% of the issued share capital and 50,000 shares or 1.0% of the issued share capital in BGMC Corporation, respectively.

On 7 April 2014, BGMC Corporation increased its authorised share capital to RM10,000,000.0 divided into 10,000,000 shares of RM1.0 each. On the same day, an additional 4,950,000 shares and

50,000 shares were allotted and issued, credited as fully-paid, to Mazlan bin Yusof and his wife, with each of them continued to hold 99.0% and 1.0% of the issued share capital in BGMC Corporation, respectively.

On 22 May 2014, due to his deteriorating health concern, Mazlan bin Yusof transferred 9,900,000 shares or 99.0% of the issued share capital in BGMC Corporation to Ir. Azham Malik, our Executive Director, for a consideration of RM9,900,000.0. The consideration was determined after arm's length negotiation between Mazlan bin Yusof and Ir. Azham Malik with reference to the par value of the share capital, and taking into consideration their working relationship at BGMC Corporation and Ir. Azham Malik's contribution to BGMC Corporation as his alternate director since 2008.

On 28 September 2015, Ir. Azham Malik and the wife of Mazlan bin Yusof transferred 9,900,000 shares or 99.0% of the issued share capital and 100,000 shares or 1.0% of the issued share capital in BGMC Corporation to BGMC Builder jointly owned by Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin for a consideration of RM64,350,000.0 and RM650,000.0, respectively. At the time of the share transfer, BGMC Builder paid an initial consideration of RM23,760,000.0 and RM240,000.0 to Ir. Azham Malik and the wife of Mazlan bin Yusof, respectively and it was the parties' understanding that the initial consideration might be subject to adjustment with reference to a valuation to be conducted in respect of BGMC Corporation. On 25 October 2016, BGMC Builder paid an additional consideration of RM40,590,000.0 and RM410,000.0 to Ir. Azham Malik and the wife of Mazlan bin Yusof, respectively, the adjustment of which was determined with reference to an independent valuation report dated 6 October 2016, which valued BGMC Corporation as at 28 September 2015.

As at the Latest Practicable Date, BGMC Corporation was a direct wholly-owned subsidiary of BGMC Builder.

KAS Engineering

KAS Engineering was incorporated in Malaysia under the Companies Act 1965 with limited liability on 17 November 1993 with an authorised share capital of RM100,000.0 divided into 100,000 shares of RM1.0 each. KAS Engineering is principally engaged in the UiTM BLMT project in Malaysia.

At the beginning of the Track Record Period, the authorised share capital of KAS Engineering was RM10,000,000.0 divided into 10,000,000 shares of RM1.0 each, with 5,000,000 shares allotted and issued, credited as fully-paid. Each of BGMC Corporation, Dato' Arifin, Tan Sri Barry Goh, Mazlan bin Yusof and Dato' Michael Teh held 1,250,000 shares or 25.0% of the issued share capital, 1,250,000 shares or 25.0% of the issued share capital, 1,020,000 shares or 20.4% of the issued share capital, 1,000,000 shares or 20.0% of the issued share capital, and 480,000 shares or 9.6% of the issued share capital of KAS Engineering at the relevant time, respectively.

On 3 June 2014, due to his deteriorating health concern, Mazlan bin Yusof transferred 1,000,000 shares or 20.0% of the issued share capital in KAS Engineering to Premtastic Development, a company owned as to 50.0% by Dato' Arifin and 50.0% by the wife of Mazlan bin Yusof, for a consideration of RM1,000,000.0. The consideration was determined after arm's length negotiation among Mazlan bin Yusof, Dato' Arifin and the wife of Mazlan bin Yusof with reference to the par value of the share capital, and taking into consideration Dato' Arifin's contribution to KAS Engineering.

On 28 September 2015, to enable BGMC Corporation to further expand into the business of government concession project in Malaysia, each of Dato' Arifin, Tan Sri Barry Goh, Premtastic

Development and Dato' Michael Teh transferred 1,250,000 shares or 25.0% of the issued share capital, 1,020,000 or 20.4% of the issued share capital, 1,000,000 shares or 20.0% of the issued share capital and 480,000 shares or 9.6% of the issued share capital in KAS Engineering to BGMC Corporation for a consideration of RM1,200,000.0, RM979,200.0, RM960,000.0 and RM460,800.0, respectively. At the time of the share transfer, BGMC Builder paid an initial consideration of RM1,200,000.0, RM979,200.0, RM960,000.0 and RM460,800.0 to Dato' Arifin, Tan Sri Barry Goh, Premtastic Development and Dato' Michael Teh, respectively and it was the parties' understanding that the initial consideration might be subject to adjustment with reference to a valuation to be conducted in respect of KAS Engineering. Based on an independent valuation report dated 6 October 2016, which valued KAS Engineering as at 28 September 2015, no consideration adjustment was required.

As at the Latest Practicable Date, KAS Engineering was a direct wholly-owned subsidiary of BGMC Corporation.

Headway Construction

Headway Construction was incorporated in Malaysia under the Companies Act 1965 with limited liability on 4 October 2011 with an authorised share capital of RM100,000.0 divided into 100,000 shares of RM1.0 each. Headway Construction is principally engaged in earthworks and infrastructure works.

At the beginning of the Track Record Period, the authorised share capital of Headway Construction was RM500,000.0 divided into 500,000 shares of RM1.0 each, with 500,000 shares allotted and issued, credited as fully-paid. Each of B&G Capital and Chua Eng Wan held 250,000 shares or 50.0% of the issued share capital in Headway Construction, respectively. Chua Eng Wan was an Independent Third Party (save and except of holding directorship and shareholding in Headway Construction).

On 22 September 2014, as part of BGMC Corporation's strategy to expand the business into earthworks and infrastructure works, BGMC Corporation acquired 250,000 shares or 50.0% of the issued share capital in Headway Construction from B&G Capital, which was then jointly owned by Tan Sri Barry Goh and his brother, for a consideration of RM250,000.0. The consideration was determined after arm's length negotiation between the parties with reference to the par value of the share capital. Headway Construction was owned as to 50.0% by BGMC Corporation and as to 50.0% by Chua Eng Wan immediately thereafter.

On 28 September 2015, to enable BGMC Corporation to further expand into the business of earthworks and infrastructure works in Malaysia, BGMC Corporation acquired 5,000 shares or 1.0% of the issued share capital of Headway Construction from Chua Eng Wan for a consideration of RM186,291.0. At the time of the share transfer, BGMC Corporation paid an initial consideration of RM10,000.0 to Chua Eng Wan and it was the parties' understanding that the initial consideration might be subject to adjustment with reference to a valuation to be conducted in respect of Headway Construction. On 25 October 2016, BGMC Corporation paid an additional consideration of RM176,291.0 to Chua Eng Wan, the adjustment of which was determined with reference to an independent valuation report dated 6 October 2016, which valued Headway Construction as at 28 September 2015. Headway Construction became our non-wholly owned subsidiary after such transfer.

On 29 September 2015, Chua Eng Wan transferred 245,000 shares or 49.0% interest in Headway Construction to his uncle, Chua Cheng Yik for a consideration of RM220,000.0, which was determined based on the par value of the share capital.

On 30 September 2015, BGMC Corporation, Chua Cheng Yik and Headway Construction entered into a shareholders' agreement, pursuant to which, among other things, any transfer of shares in Headway Construction is subject to the right of first refusal of the other existing shareholder.

On 30 September 2016, Headway Construction increased its authorised share capital to RM1,000,000.0 divided into 1,000,000 shares of RM1.0 each.

As at the Latest Practicable Date, BGMC Corporation and Chua Cheng Yik held 51.0% and 49.0% interest in Headway Construction, respectively.

Built-Master Engineering and Built-Master Elevator Engineering

Built-Master Engineering, formerly known as Stauntium Construction Sdn. Bhd., was incorporated in Malaysia under the Companies Act 1965 with limited liability on 18 April 2012 with an authorised share capital of RM100,000.0 divided into 100,000 shares of RM1.0 each. Built-Master Engineering is principally engaged in mechanical and electrical works.

The wholly-owned subsidiary of Built-Master Engineering, namely Built-Master Elevator Engineering, formerly known as Primary Acres Sdn. Bhd., was incorporated in Malaysia with limited liability on 13 September 2012 with an authorised share capital of RM100,000.0 divided into 100,000 shares of RM1.0 each. Built-Master Elevator Engineering is principally engaged in lift distribution and installation works.

At the beginning of the Track Record Period, Built-Master Engineering allotted and issued 100 shares, credited as fully-paid, with B&G Capital and Chong Nyen Loong holding 80 shares or 80.0% of the issued share capital and 20 shares or 20.0% of the issued share capital in Built-Master Engineering, respectively. B&G Capital was then jointly owned by Tan Sri Barry Goh and his brother.

On 27 May 2015, to enable BGMC Corporation to expand into the businesses of mechanical and electrical engineering works and lift distribution and installation works in Malaysia, B&G Capital transferred 80 shares or 80.0% of the issued share capital in Built-Master Engineering to BGMC Corporation for a consideration of RM3,800,080.0. At the time of the share transfer, BGMC Corporation paid an initial consideration of RM80.0 to B&G Capital and it was the parties' understanding that the initial consideration might be subject to adjustment with reference to a valuation to be conducted in respect of Built-Master Engineering. On 25 October 2016, BGMC Corporation paid an additional consideration of RM3,800,000.0 to B&G Capital, the adjustment of which was determined with reference to an independent valuation report dated 6 October 2016, which valued Built-Master Engineering as at 27 May 2015.

On 27 July 2015, 79,920 shares and 19,980 shares in Built-Master Engineering were allotted and issued, credited as fully-paid, to BGMC Corporation and Chong Nyen Loong, respectively, with BGMC Corporation and Chong Nyen Loong continue to hold 80.0% and 20.0% interest in Built-Master Engineering, respectively.

On 28 September 2015, BGMC Corporation, Chong Nyen Loong and Built-Master Engineering entered into a shareholders' agreement, pursuant to which, among other things, any transfer of shares in Built-Master Engineering is subject to the right of first refusal of the other existing shareholder.

On 30 September 2016, Built-Master Engineering increased its authorised share capital to RM1,000,000.0 divided into 1,000,000 shares of RM1.0 each.

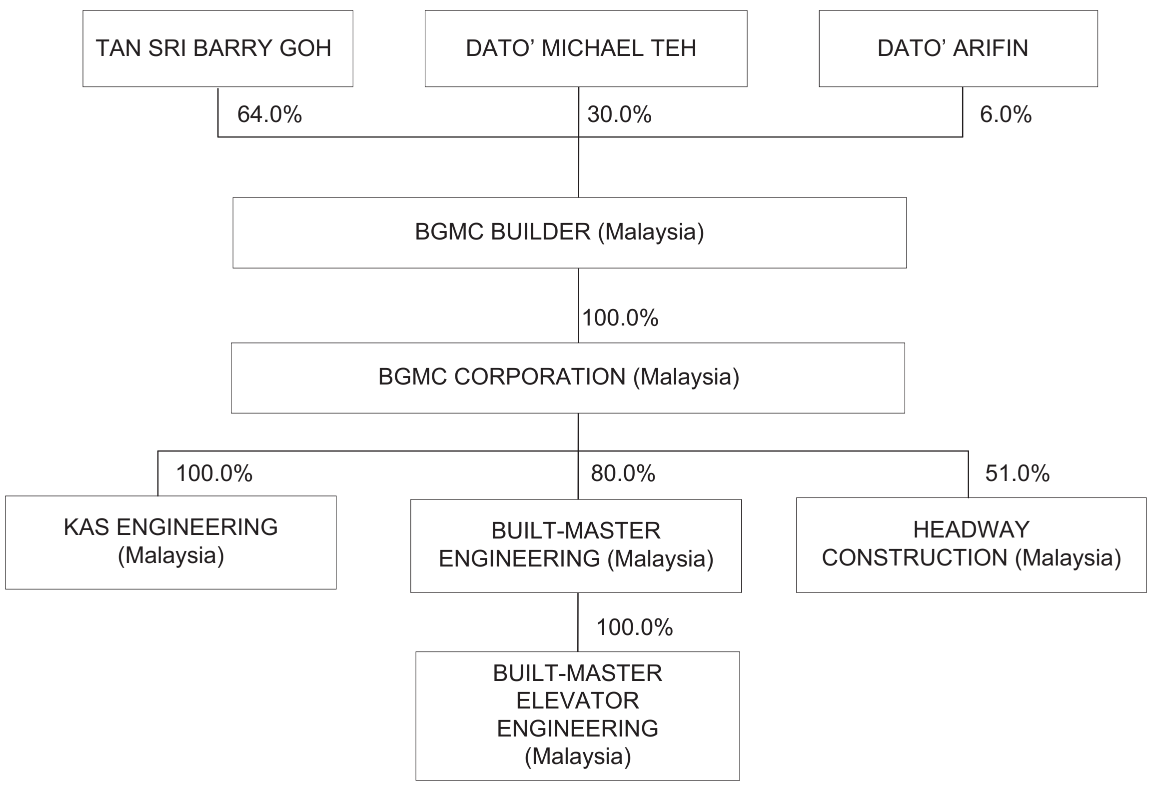
As at the Latest Practicable Date, BGMC Corporation and Chong Nyen Loong held 80.0% and 20.0% interest in Built-Master Engineering, respectively, and Built-Master Elevator Engineering was a direct wholly-owned subsidiary of Built-Master Engineering.

EXCLUDED BUSINESS

MCT Group, which engages in property development business and was owned as to 27.24% by Tan Sri Barry Goh, our Controlling Shareholder as at the Latest Practicable Date, were excluded from our Group. For details for the reasons for exclusion of the MCT Group from our Group, please refer to the section headed "Relationship with our Controlling Shareholders – The Excluded Business" in this prospectus.

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation. The following chart sets forth the corporate and shareholding structure of the Group immediately prior to the Reorganisation:



The Reorganisation involved the following steps:

Step 1 – Incorporating our Company as the holding company of our Group

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2016 to act as the holding company of our Group.

On the date of incorporation, one fully paid Share was issued to Reid Services Limited as the initial subscriber and such one subscriber Share was then being transferred to Prosper International on the even date, a company wholly-owned by Tan Sri Barry Goh. On the even date, 63, 30 and six fully paid Shares were issued and allotted to Prosper International, a company wholly-owned by Tan Sri Barry Goh; Seeva International, a company wholly-owned by Dato' Michael Teh; and Kingdom Base, a company wholly-owned by Dato' Arifin, respectively.

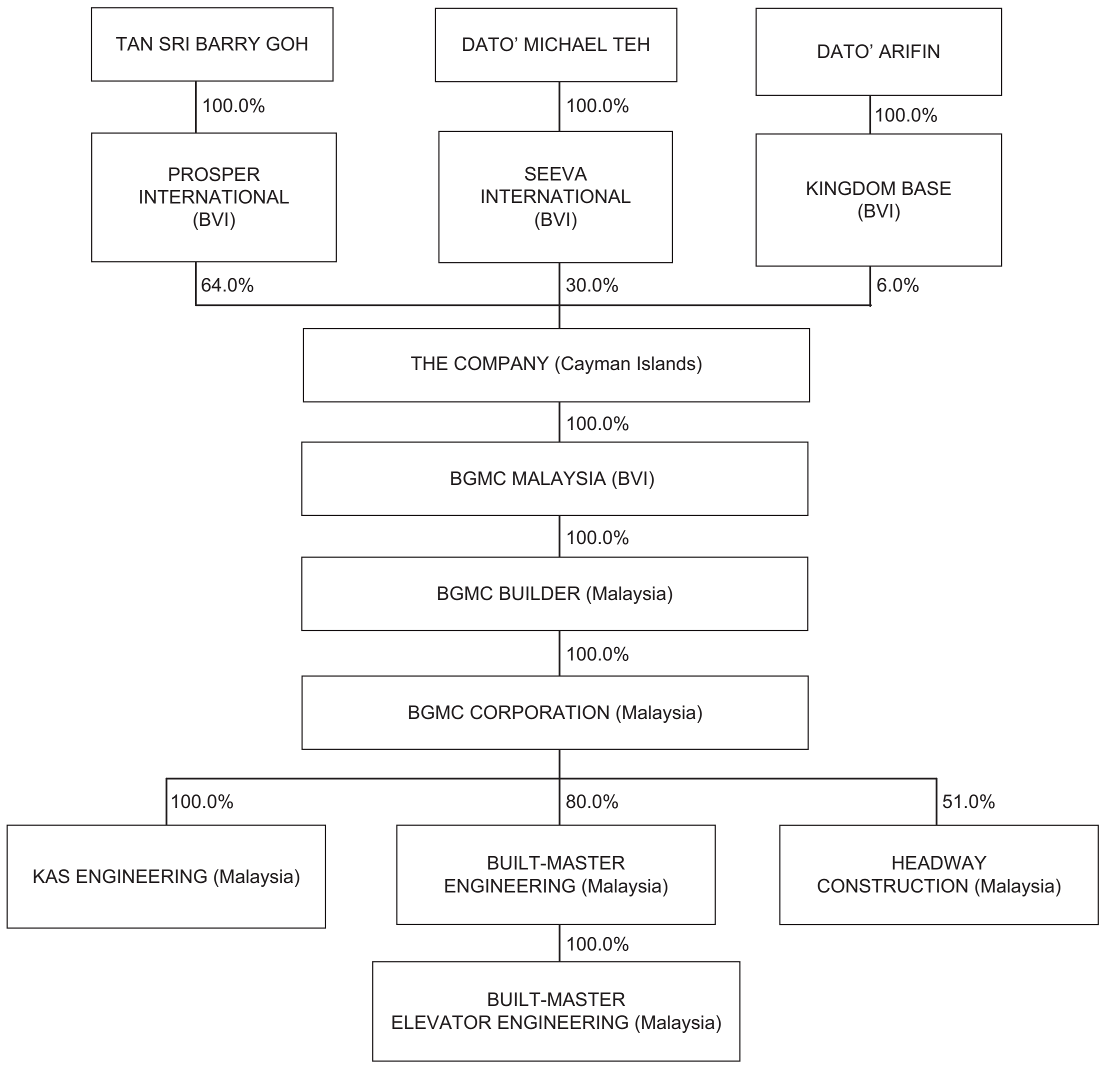
Step 2 – Incorporating BGMC Malaysia as the intermediate holding company of our Group

On 24 November 2016, BGMC Malaysia was incorporated with limited liability in the BVI by our Company as the sole shareholder to act as the intermediate holding company of our Group.

Step 3 – Share exchange

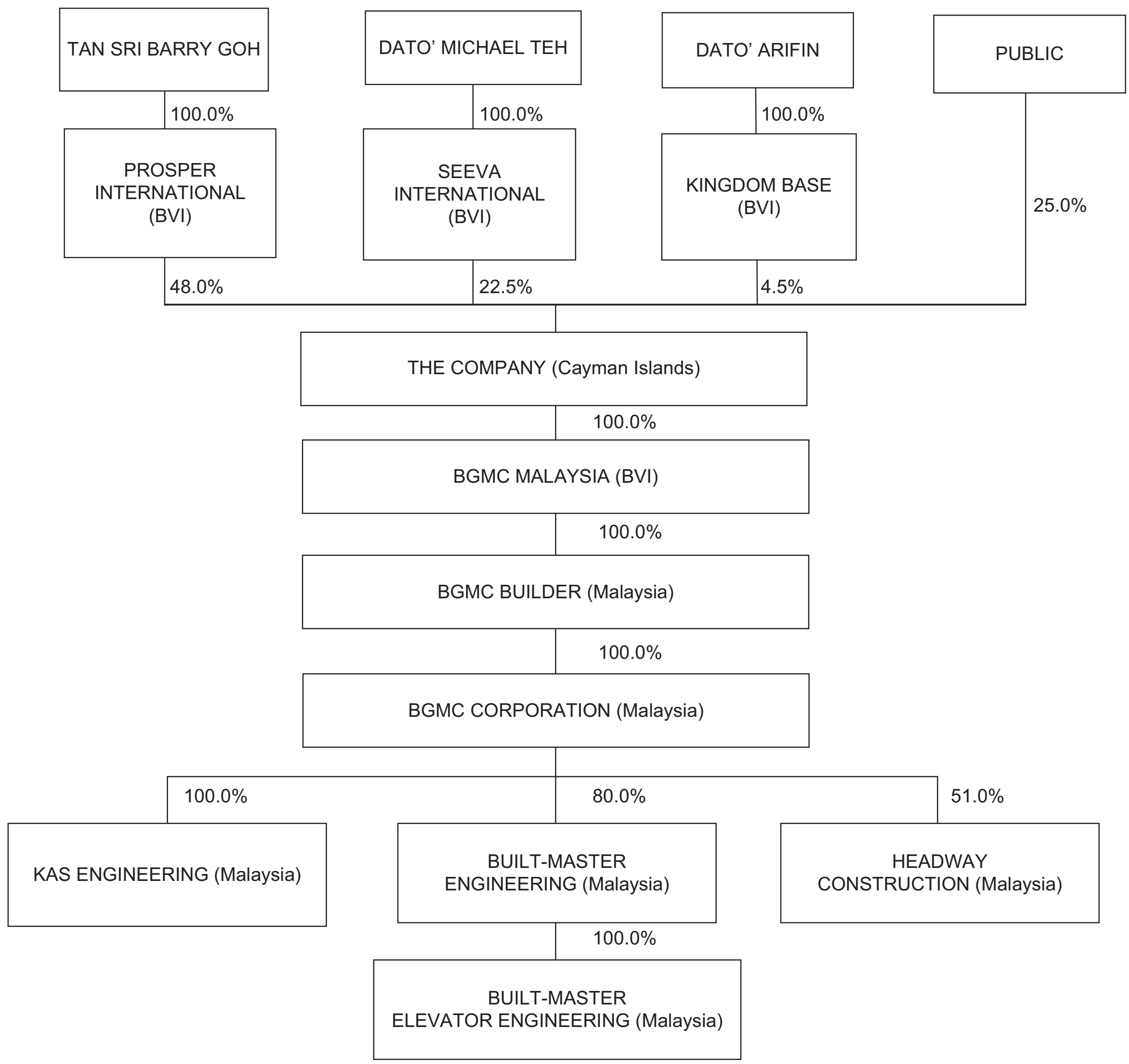
To allow BGMC Malaysia to hold the interests in our Group, a share exchange was conducted pursuant to the terms of the Reorganisation Deed. According to the Reorganisation Deed, on 6 December 2016, each of Tan Sri Barry Goh, Dato' Michael Teh and Dato' Arifin transferred 64 shares or 64.0% of the issued share capital, 30 shares or 30.0% of the issued share capital and six shares or 6% of the issued share capital in BGMC Builder to BGMC Malaysia, respectively. As consideration for the transfer of the shares in BGMC Builder, our Company, being the holding company of BGMC Malaysia, allotted and issued 576 Shares, 270 Shares, and 54 Shares to Tan Sri Barry Goh (registered in the name of Prosper International as nominee), Dato' Michael Teh (registered in the name of Seeva International as nominee) and Dato' Arifin (registered in the name of Kingdom Base as nominee) respectively, which was determined based on their respective shareholdings in BGMC Builder. Our Company was owned as to 64.0% by Prosper International, 30.0% by Seeva International and 6.0% by Kingdom Base immediately thereafter.

The following chart sets out our shareholding structure immediately after the Reorganisation but before completion of the Capitalisation Issue and the Global Offering:



SHAREHOLDING STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our corporate and shareholding structure immediately following completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option or any option that may be granted under the Share Option Scheme is not exercised):



NO REGULATORY APPROVAL

No regulatory approval from any governmental authority is required for our Reorganisation. Our Malaysian Legal Advisers have confirmed that the share transfer involving the shares of our subsidiaries in Malaysia had been lawfully completed.

CONCERT PARTY CONFIRMATORY DEED

On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they have been parties acting in concert with respect to their interests in and the business of the Company and the relevant members of the Group since they became shareholders of BGMC Builder. In particular, the parties acknowledge and confirm the following:

(a) that they are parties acting in concert with respect to their interests in and the business of the Company and the relevant members of the Group since they became shareholders of BGMC Builder and shall continue to do so after the signing of the Concert Party Confirmatory Deed;

(b) that they shall continue to give unanimous consent, approval or rejection on any material issues and decision in relation to the business of the Company and the relevant members of the Group;

(c) that they shall continue to cast unanimous vote collectively for or against all resolutions in all meetings and discussions of the Company and the relevant members of the Group; and

(d) that they shall continue to cooperate with each other to obtain and maintain the consolidated control and management of the Group.

OVERVIEW

Founded in 1996, we are a construction services company based in Malaysia with over 20 years of operating history, and are principally engaged in the provision of a wide range of construction services. Leveraging our experience and expertise in construction services, we also have the capability to undertake PPP Projects based on the BLMT model which enables us to benefit from long-term recurring cashflow. According to the Industry Report, we would rank the 21st when compared to the publicly listed construction companies in Malaysia in 2016 in terms of our revenue from our construction services business[(1)].

Our business model and business focus

Construction services have been the principal business segment of our Group during the Track Record Period. It has been an integral part of our business since our establishment and contributed to the vast majority of our Total External Segment Revenue of 99.9%, 99.9%, 90.5% and 92.9%, respectively, for the three financial years ended 30 September 2016 and 1H2017. We are capable of providing integrated solutions for our construction services, ranging from managing, supervising and coordinating with other parties involved for efficient project execution, sourcing the necessary construction materials, and conducting quality assessment on the construction works. We also offer post-completion services, including asset management, to our customers. During the Track Record Period, we provided our customers with construction services that cover four areas: (i) building and structural construction works; (ii) mechanical and electrical installation works; (iii) earthworks and infrastructure construction works; and (iv) energy transmission and distribution works. In addition to construction services, we undertook the UiTM BLMT Project for the construction of the UiTM Campus and post-construction asset management services pursuant to the UiTM Concession Agreement. Please refer to the paragraphs headed "Our Principal Business – Construction Services" and "Our Principal Business – UiTM BLMT Project" in this section for further details of our scope of services.

Our construction projects business model comprise the provision of construction services with contract period typically not exceeding five years, and we earn revenue after certification of scheduled progress claims upon completion of certain stages of construction works. The funding requirement for construction projects usually comprises project start-up, operation and implementation costs for construction works. Our customers for construction projects can include both developers and government-linked companies, and the project designs are usually handled by third party consultants engaged by the customers. We ensure the maintenance of the construction only for the defective liability period.

Our UiTM BLMT Project business model operates on the basis of a concession granted over a relatively longer term of 23 years, and comprise not only the provision of construction services for the first three years in respect of the construction of the UiTM Campus, but also making available the completed UiTM Campus to UiTM and the provision of asset management services for the remaining 20 years of the Concession Period. At the end of the Concession Period, we are obliged to transfer the buildings, facilities and infrastructure of the UiTM Campus free from encumbrances to UiTM. Revenue from the UiTM BLMT Project is structured differently such that we earn monthly availability charges from UiTM as well as monthly asset management services charges for the provision of asset

(1) According to the Industry Report, only publicly listed construction industry players were included due to the fragmented nature of the construction industry in Malaysia. Based on Smith Zander's research, no other comparable private company would feature in the top 30 public listed companies.

management services, which provides a long-term source of recurring cashflow over the Concession Period. As we receive monthly availability charges and asset management services charges only after completion of the construction of the UiTM Campus, the funding requirement is relatively higher as intensive capital investment is required at the initial construction stage of the project. Customers for government concession projects only include government agencies or government-linked companies, and involve extensive dealings with the local authorities for approval of the concession project. Unlike the project designs for our construction projects, the project design is agreed directly with the customer instead of third party consultants. We also have to ensure the maintenance of the completed UiTM campus for a relatively longer time for the whole of the Concession Period as compared to only ensuring maintenance during the defect liability period for our construction projects.

Our business expansion through acquisitions

In the early years of our business operations, we focused on the provision of building and structural construction services for small-scale projects. We gradually increased our construction services capabilities and expanded the scale of our operations to secure construction projects of larger scale from well-established developers. We had implemented our expansion strategy through a series of acquisitions including the acquisition of Headway Construction in September 2014 and the BME Group in May 2015, which further broadened the spectrum of our construction services and enhanced our capabilities to undertake large-scale earthworks and infrastructure works, mechanical and electrical works, as well as lift distribution and installation works.

In July 2012, we aimed to diversify our business interests and acquired an initial interest of 25% in KAS Engineering, a government concession project company which was granted the concession for the UiTM BLMT Project. We had identified the benefits of having a long-term source of recurring cashflow from the UiTM BLMT Project and the higher gross profit margins. Furthermore, acquiring a government concession project company would also create synergy with our construction services business as we could leverage our experience and expertise in the construction services business to undertake the construction work and asset management for the UiTM BLMT Project. Subsequently, our further acquisition of the remaining 75% interest of KAS Engineering in September 2015 better positioned us to capture the PPP Project tenders initiated by the Malaysian government under the PFI Programme and benefit from the growth potential of government concession projects in Malaysia.

Through these acquisitions, we are capable of providing a wide range of construction services and undertaking government concession projects based on the BLMT model. Please refer to the paragraph headed "Our Acquisitions During the Track Record Period" in this section for further details of our acquisition of KAS Engineering, Headway Construction and the BME Group.

Our construction projects

Our construction projects encompass a wide range of building and property types of different sizes and complexities comprising low-rise and high-rise residential buildings, commercial buildings, office buildings, public buildings and infrastructure, as well as power substations. We also undertake the installation of medium and high voltage underground power cables and overhead lining systems in Malaysia. During the Track Record Period, we were involved in 73 projects, the total contract value of which amounted to approximately RM2.5 billion. Some of the notable construction projects we have completed over the years or that are on-going as of the Latest Practicable Date in Malaysia include: (i) D'Pristine@Medini, The Mahogony, Serini and V-Residency 2, which are all high-rise buildings;

(ii) Kingsley International School; (iii) refurbishment works of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City; and (iv) the UiTM Campus.

Serini

The Mahogony

The UiTM Campus

D'Pristine@Medini

Future prospects

During the Track Record Period, we achieved a strong growth in both of our revenue and profit. For the three financial years ended 30 September 2016, our Total External Segment Revenue was approximately RM240.2 million, RM425.6 million and RM561.1 million, respectively, representing a CAGR of approximately 52.8%. For 1H2016 and 1H2017, our External Segment Revenue was approximately RM244.6 million and RM380.9 million, representing a growth rate of 55.7%. For the three financial years ended 30 September 2016, the profit attributable to equity holders of our Company was approximately RM7.2 million, RM21.0 million and RM62.9 million, respectively, representing a CAGR of approximately 195.6%. For 1H2016 and 1H2017, the profit attributable to equity holders of our Company was approximately RM25.1 million and RM32.6 million, representing a growth rate of 29.9%. For over the past 20 years of operating history, we have established a strong customer base which includes leading property developers and a government-linked company in Malaysia.

According to the Industry Report, the construction industry in Malaysia will continue to grow due to expected greater demand for residential, commercial, industrial properties and supporting infrastructure. The total value of construction projects is expected to increase from RM129.7 billion to RM156.5 billion from 2016 to 2020, representing a CAGR of 4.8%. The number of PPP Projects in transportation, road, communications, health, energy and education sectors undertaken by the Malaysian government is expected to increase and continue to drive our construction services and BLMT project businesses. In line with our growth strategy through acquisitions, we plan to continue pursuing acquisitions to further expand our construction services and BLMT project businesses should suitable opportunities arise. Please refer to the paragraphs headed "Our Strategies – Increase our market share in the construction industry in Malaysia and overseas" and "Our Strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" in this section for further details of our acquisition plans.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our competitive strengths as set out below have driven our growth in revenue and gross profits and distinguished us from our competitors:

Established reputation and a strong customer base which includes leading property developers and a government-linked company

We believe that we have built an established industry reputation with a proven track record of delivering quality and timely construction services with our vast experience in the construction industry in Malaysia accumulated in the past 20 years of our operating history. Three of our completed projects assessed under the QLASSIC assessment system during the Track Record Period were awarded a QLASSIC score of above 80.0% in recognition of the high quality of our workmanship. Please refer to the paragraph headed "Quality Management System – QLASSIC assessments" in this section for further details. Given our strong capabilities in completing projects in a timely manner and our high quality of services, we have established a strong customer base which includes leading property developers and a government-linked company in Malaysia, and are often included in their vendor lists for invitation to tender in their construction projects.

During the Track Record Period, our major customers include leading property developers and a government-linked company. Since 2010 and as at the Latest Practicable Date, we have undertaken a total of 19 projects from these customers. In particular, we have an established track record in undertaking the construction of high-rise buildings. Our ability to offer value engineering services enable us to offer cost efficient construction services for high-rise buildings without compromising on quality. Please refer to the paragraph headed "Our Competitive Strengths – Effective cost control and savings measures" in this section for further details of our value engineering services. During the Track Record Period, we were awarded a total of four high-rise projects with a sizeable contract sum from our customers.

In addition, we were involved in the construction of the UiTM Campus and the provision of post-construction asset management services under the UiTM Concession Agreement for a fixed non-renewable period of 23 years commencing from 9 November 2012. Our Directors believe that because of the recognition of our high quality services and our track record on the UiTM BLMT Project, we are well-positioned to capture the PPP Projects in Malaysia under the PFI Programme which will widen our customer base whilst further enhancing our reputation within the construction industry in Malaysia.

We believe that our established reputation for quality, reliability and adherence to industry standards are pivotal factors when our customers invite us for tenders or award us contracts for construction services. Leveraging our capabilities and proven track record in delivering quality and reliable construction services, our Directors believe that we will continue to maintain and nurture the business relationships with our customers and to receive opportunities to tender for high value and high profile construction projects.

Ability to provide integrated solutions with strong execution capabilities to our customers

We are able to provide integrated solutions with strong execution capabilities to our customers throughout different stages of a construction project. During the construction stage of the project, we are able to assume the management and supervisory role of the entire project and coordinate with our customers, consultants, sub-contractors and other parties involved in the project to ensure efficient execution of the project. We are also able to source the necessary construction materials and carry out quality assessment on the construction works. At the post-completion stage, we are able to provide asset management services to our customers. Our integrated construction solutions, strong execution capabilities and expertise enable our customers to save time and costs, and allow for better communication, collaborative management and more efficient resolutions for any potential problems or disputes.

Owing to our strong ability to provide integrated solutions and execute our projects, during the Track Record Period, we have won tenders to participate in certain incomplete projects which were subject to excess delay. Such projects generally involve more complex project management and stronger execution capability to meet the accelerated timelines and ensure smooth replacement of the previous main contractor, as well as proper management of any replacement issues. Given the complexity of these projects, we were generally able to bargain for higher profit margin yields for such projects. During the Track Record Period, we completed four of such projects, all of which were awarded by the Sime Darby Group with an average gross profit margin which is generally higher than that of our other projects. We have completed all such projects within the agreed contractual timeline during the Track Record Period.

Accordingly, our directors believe that our capability to provide integrated solutions with a wide range of construction services and our strong execution capability has reinforced our ability to be awarded contracts for large-scale and complex construction projects from our customers and enhanced our profitability.

Long-term source of recurring cashflow from the UiTM BLMT Project

Pursuant to the UiTM Concession Agreement and following the completion of the construction of the UiTM Campus in November 2015, we are entitled to receive monthly availability charges in consideration for completing the construction of the UiTM Campus and monthly asset management services charges for our asset management services during the Concession Period. Please refer to the paragraph headed "Our Principal Business – UiTM BLMT Project" in this section for further details.

Our Directors believe that the long-term and steady source of recurring cashflow from the availability charges and asset management services charges of the UiTM BLMT Project will boost our cash inflow for our existing or future construction projects, or for capital expenditures on future BLMT Projects or other PPP Projects under the PFI Programme. Going forward, we intend to tender for and undertake more BLMT Projects under the PFI Programme as the opportunities arise. Please refer to the paragraph headed "Our Strategies – Increase our market share in the construction industry in Malaysia and overseas" in this section for further details.

Experienced management team with expertise and proven track record

Certain members of our senior management team possess in-depth knowledge and experience in the construction industry. In particular, our core management team, including our Executive Directors, have been instrumental to our growth throughout the years.

Tan Sri Barry Goh, our Chairman and Executive Director, is an entrepreneur and has over 20 years of experience in the property development and construction business. Dato' Arifin, our vice-chairman and Executive Director, has over 23 years of experience in the construction field. Dato' Arifin has built a strong network of industry contacts which facilitates our access to many business opportunities, including opportunities for the participation in BLMT Projects. Our Executive Director, Dato' Michael Teh, has over 10 years of experience in the construction field. After he became an Executive Director of BGMC Corporation, he helped us to increase our construction services capabilities and expand our scale of operations. Please refer to the section headed ''Directors, Senior Management and Employees'' in this prospectus for further details.

In addition, our project management teams have extensive industry and technical knowledge in construction works. Our engineers also possess the relevant qualifications required for the construction works and have well-developed practical skills and experience in the industry. As at the Latest Practicable Date, our project managers generally possessed the relevant licences and/or academic qualifications to supervise construction works.

The experience of our management team facilitates the formulation of competitive tenders, which are essential to us in securing new business, and the efficient and timely implementation and management of our construction works. We believe that the collective expertise and industry knowledge of our management, technical staff and qualified employees, have been and will continue to be a valuable asset.

Effective cost control and saving measures

Given our capabilities of providing a wide range of construction services required for construction projects, we are able to implement a centralised resources sourcing and allocation system which allows us to reduce costs by making bulk purchases and maximise the utilisation of our resources. For example, we have established an online procurement system which allows us to acquire quotations and make comparisons efficiently from a list of suppliers. In addition, we operate on environmentally-friendly principles whereby we strive to reduce resources wastage and utilise reusable construction materials such as using a reusable aluminium formwork system instead of a traditional timber and plywood formwork system. Such measures generally help to keep down construction costs.

We utilise a six-point "Qube System" as our policy to implement effective cost control and saving measures, simultaneously manage resources and risks, and offer scalability to undertake projects of varying sizes and complexity. The "Qube System" comprises (i) an experienced management team for effective leadership; (ii) a matrix management system helmed by smaller independent teams who can respond quickly and decisively to the dynamics and complexities of a construction site; (iii) implementation of a seamless integrated system; (iv) a rapid procurement system that monitors costs and project schedules through automation and accelerated processes; (v) an industrialised building system which incorporates our environmentally-friendly policy, comprising an onsite and offsite prefabrication system with enhanced technology to reduce construction time, labour needs, site clean-up activities, wastage and materials used; and (vi) offering value engineering services, where we devise intelligent and cost-effective construction modes while meeting customer's technical specifications. Through such systems or measures, we identify opportunities such as optimising designs and reducing unnecessary elements, and implement cost-effective means of achieving the desired results. As such, we can enhance execution efficiency and cost-effectiveness while conforming to the specifications for the project in the construction contracts.

Commitment to safety, quality and environment through well-established management system and stringent quality control

We have established a set of quality management measures and have committed to a high safety standard and environmental impact control. Through systematic and effective control of our operations, and our monitoring procedures over our sub-contractors, we strive to ensure compliance with safety, quality and environmental requirements to deliver high quality construction and value engineering services to our customers. In recognition of our quality assurance procedures, our quality management system was accredited with ISO9001:2015. Please refer to the paragraphs headed "Quality Management System" in this section for further details of our quality management measures.

We have also set up our occupational health and safety management system to promote safe working practises among all employees and to prevent the occurrence of accidents through promoting safety awareness at the front line level. Furthermore, we have set up an environmental management system to promote awareness for environmental conservation and to prevent pollution of the environment resulting from our works. As a result, our occupational health and safety management system has been awarded the MOSHPA Gold Award for Excellence in Occupational Safety and Health for two consecutive years in 2014 and 2015. For further details of the certificates and awards we received during the Track Record Period, please refer to the paragraphs headed "Awards and Certificates" in this section.

We believe that our strong commitment to safety, quality and environment as well as our stringent quality assurance system will allow us to minimise costs and be better positioned to deliver quality work on time and within budget to our customers and enhance our reputation as a quality and reliable construction service provider.

OUR STRATEGIES

Increase our market share in the construction industry in Malaysia and overseas

Construction services

According to the Industry Report, Smith Zander expects the value of projects awarded in the construction industry in Malaysia to grow from RM125.0 billion in 2016 to RM150.4 billion in 2020 at a CAGR of 4.7%[(1)], on the back of stronger economic growth from 2017 to 2020 as compared to 2016. Given our proven construction track record, local knowledge and good reputation, we plan to increase our market share in the construction industry in Malaysia by tendering for more new and sizable construction works in Malaysia. Our Directors believe that we are able to capture the opportunities created by these new projects up for tender and expand our domestic reach and select projects that generate higher profitability. The overall growth prospects in the Malaysian construction industry will enable us to maintain strong growth, capture more market share and strengthen our position.

We will continue our focus on the construction industry in Malaysia and continue to tender for projects. We intend to diversify our customer base by obtaining projects from new customers who are established property developers and government-linked companies. During the Track Record Period, we have tendered for or been awarded construction projects from customers with strong reputation within the Malaysian property market including MRCB Builders Sdn Bhd, Customer R, Customer S and

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(1) *Smith Zander's estimation premised on Malaysia's real GDP growth forecast between 2016 and 2020, in comparison to the Eleventh Malaysian Plan ("11MP") target of 10.3% per annum between 2016 and 2020*

Customer T. Further, we have been obtaining projects from Tenaga Nasional Berhad indirectly through sub-contracting works from its main contractors. Going forward, we plan to participate in tenders from Tenaga Nasional Berhad directly.

In June 2016, we were awarded a large-scale project for refurbishment works with a contract value of RM48.0 million from MRCB Builders Sdn Bhd for the redevelopment of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City. We intend to focus on large-scale and complex projects which we believe we are more than capable of taking on with our provision of integrated construction solutions. Further, as we have a proven track record in high-rise building construction, we will also continue to tender for high-rise building construction projects and strengthen our reputation and expertise in this regard.

We also plan to identify opportunities to diversify our construction services by entering into investments by way of collaboration, partnership agreements or merger and acquisition agreements in respect of construction companies involved in related businesses, such as prefabrication of building components. We will evaluate and explore any such diversification opportunities with a view to developing more efficient construction techniques and creating synergies with our existing construction services business.

BLMT and PPP projects

We also intend to undertake more BLMT Projects or PPP Projects in Malaysia and overseas, especially in the ASEAN Region. According to the Industry Report, Smith Zander expects the value of government projects awarded in the construction industry in Malaysia to grow from RM29.1 billion in 2016 to RM35.1 billion in 2020 at a CAGR of 4.8%, and as the government places greater focus on the implementation of PPP and PFI projects, demand for construction activities will subsequently increase. We intend to pursue growth opportunities by entering into investments in government concession projects based on the BLMT model or other PPP model by way of collaboration, partnership agreements or merger and acquisition agreements within these geographical markets, and will monitor and consider potential invitations for tenders or proposals from governments in the ASEAN Region for PPP Projects from time to time should suitable opportunities arise. We will perform thorough feasibility studies and assessments on such projects and will consider collaborating with business partners who have in-depth local knowledge and strong connections to participate in the projects. We believe that our proven track record in handling large and complex projects in both the private and public sectors, our experience in providing asset management services for the UiTM BLMT Project and the completion of the UiTM Campus under the UiTM BLMT Project, together with the high quality of our construction services, will continue to position us well for bidding key BLMT Projects in Malaysia and overseas. We also believe that undertaking more BLMT Projects, including BLMT Projects in Malaysia and overseas, will ensure a long-term and steady cash inflow, which we can utilise on other future BLMT Projects or PPP Projects or existing or future construction projects.

For further details of our plans to increase our market share in the construction industry in Malaysia and overseas via mergers and acquisitions, please refer to the paragraph headed "Our strategies – Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas" in this section below.

We intend to utilise approximately HK$185.3 million or RM102.9 million (or approximately 65.0% of our total estimated net proceeds from the Global Offering) for financing the start-up and operation costs for our prospective construction projects. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Pursue merger and acquisition opportunities within the construction industry in Malaysia and overseas

We plan to increase our market share in the construction industry in Malaysia and overseas via mergers and acquisitions through collaborations, joint ventures or partnerships as and when suitable opportunities arise.

Before we make any acquisition, we will conduct preliminary review and feasibility study on the potential target, and will consider, assess and decide on whether to carry out the proposed acquisition. In selecting and assessing such collaboration, joint ventures, partnerships or acquisition targets in respect of construction services companies or government concession projects, we will carefully consider a variety of factors with respect to the target company and its business location, including the following: track record, the quality of its assets and business (including businesses which may enhance the efficiency of our existing construction services such as those involving industrialised building systems to reduce construction time, labour needs, site clean-up activities, wastage and materials used); the cost and benefit of the acquisition and our internal financial requirements, taking into account, our corporate strategy and long-term plan; and the synergy between our existing operations and potential targets in terms of know-how, management expertise and business compatibility.

As at the Latest Practicable Date, we did not have any specific acquisition or joint venture plans or targets and had not entered into any definitive agreement.

Lower construction costs in the long term by acquiring more machineries and equipment

We intend to acquire more advanced machinery and equipment instead of relying on hiring or leasing for our construction projects. Such machineries and equipment will include lifting, hoisting and transporting equipment, static concrete pumps, drilling machine and other related accessory equipment for construction works. We will also acquire lifting, hoisting and transporting equipment and reusable aluminium formworks for efficient construction of our high-rise building projects. We believe that we will be able to reduce our direct costs over the long-term by acquiring such machinery and equipment instead of hiring or leasing them.

We intend to utilise approximately HK$71.3 million or RM39.6 million (or approximately 25.0% of our total estimated net proceeds of the Global Offering) to acquire more machinery and equipment to lower construction costs in the long term. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

Adhere to prudent financial management to ensure sustainable growth and capital sufficiency

We will continue to closely monitor our capital and cash positions and manage key measures such as construction costs, cash flows and fixed charge coverage. We will remain disciplined in our capital commitments and seek long-term financing opportunities. We will continue to adopt a prudent treasury management policy to ensure that our funds are properly and efficiently collected and deployed and to maintain sufficient level of funds to settle our liabilities when they fall due. We also plan to follow on-going cost reduction initiatives by improving our cost structure through streamlining and optimising our operational processes to achieve savings in construction cost, repair and maintenance cost and other relevant operating cost.

OUR ACQUISITIONS DURING THE TRACK RECORD PERIOD

We have been constantly reviewing our business scope and mix, with the aim of increasing operational efficiency, enhancing resource management as well as diversifying our business spread and income base. This has been achieved, during the Track Record Period, through a combination of internal operational adjustments and acquisitions and disposals. During the Track Record Period, we acquired the BGMC Group comprising the BME Group, KAS Engineering and Headway Construction, and we also disposed of Nova Segar Development Sdn Bhd, Latest Golden Development Limited and Calmore Estate Sdn Bhd. The three companies which we disposed of during the Track Record Period were non-core businesses which were primarily engaged in rental collecting, property development or the business of investment holding, and their financial contributions to our consolidated revenues and profits were immaterial. We disposed of them in order to focus on our construction services business. For further details of these disposed companies, please refer to the section headed "Appendix IB – Accountant's Report of the BGMC Group – Notes to BGMC Corporation Historical Financial Information – 34. Disposal of Subsidiaries" in this prospectus.

Through consolidating the BME Group, Headway Construction and KAS Engineering into BGMC Group, our Group increased our construction services capabilities and expanded our scale of operations.

BME Group

The BME Group is principally engaged in the provision of undertaking mechanical and electrical engineering works. Tan Sri Barry Goh and Dato' Michael Teh, our shareholders and Executive Directors, were two of three founding directors of the BME Group. As at the Latest Practicable Date, the third founding director, Chong Nyen Loong, continues to be a director of the BME Group. The BME Group had been serving customers including BGMC Corporation. On 27 May 2015, we acquired 80% of Built-Master Engineering. Please refer to the section headed "History, development and reorganisation – Corporate History – Built-Master Engineering and Built-Master Elevator Engineering" for further details on the consideration paid for the acquisition of the BME Group. We selected the BME Group as an acquisition target because its mechanical and electrical engineering works business would create synergy with our existing construction services business and would complement our construction services, particularly in respect of high-rise building construction works. Further, our Directors believe that our ability to include the services covered by the BME Group would enable us to offer more comprehensive services, especially when bidding as a main contractor for construction projects, and would give us better control over the cost of electrical engineering services. At the time of acquisition, the BME Group had a good pipeline of on-going construction projects from BGMC Corporation and other customers.

KAS Engineering

KAS Engineering was established in 1993 and is engaged in the UiTM BLMT Project in Malaysia. It was invited by UiTM in 2007 to explore various proposals for designs, financing and construction models of the UiTM Campus as a PPP Project. Leveraging his expertise and experience within the construction services industry and with support from external parties including planners, architects, technicians and quantity surveyors, Dato' Arifin, who was a director of KAS Engineering at that time, drew up a proposal for the UiTM Campus based on the BLMT model. UiTM selected the BLMT proposal from KAS Engineering with the approval of the Malaysian government. The UiTM Concession was awarded to KAS Engineering by way of the UiTM Concession Agreement on 14 March 2012. At the time when the UiTM Concession was awarded, KAS Engineering was held by Tan Sri Barry Goh, our founder, Dato Arifin, our Executive Director, Dato Michael Teh, our Executive Director, Mazlan bin Yusof, and an Independent Third Party.

Subsequently in July 2012, in order to expand our business to government concession projects in Malaysia, BGMC Corporation acquired 25.0% interest in KAS Engineering from the Independent Third Party. The remaining interests were owned as to 20.4% by Tan Sri Barry Goh, our founder, 25.0% by Dato' Arifin, our Executive Director, 9.6% by Dato' Michael Teh, our Executive Director and 20.0% by Mazlan bin Yusof.

The UiTM BLMT Project involved the construction by KAS Engineering of the UiTM Campus and provision of post-construction asset management services under the UiTM Concession Agreement during the Concession Period. In consideration for the construction of the UiTM Campus and the provision of post-construction asset management services, KAS Engineering will be entitled to monthly availability charges (i.e. consideration for completing the construction works) and asset management services charges from the completion of the construction until the end of the Concession Period. Upon the expiry of the Concession Period, KAS Engineering is obliged to hand over the buildings, facilities and infrastructure constructed by KAS Engineering free from encumbrances to UiTM. Please refer to the paragraph headed "Our Principal Business – UiTM BLMT Project" in this section below for further details of the UiTM BLMT Project. One of the conditions for the grant of the concession was for KAS Engineering to solely focus its resources and efforts on the UiTM BLMT Project. As a result, KAS Engineering's sole business operations since March 2012 has been limited to the UiTM BLMT Project.

Our shareholders' and Directors' involvement in the UiTM BLMT Project enabled us to better understand the BLMT business under the PFI Programme, which we believe present us with opportunities to leverage our construction capabilities to obtain a long-term source of recurring cashflow. As the Malaysian government has announced its PPP plans, we foresaw that this segment might be one that we could expand into by capitalising on KAS Engineering's experience and our own involvement. To enable BGMC Corporation to further expand into BLMT Projects business in Malaysia, BGMC Corporation consolidated its interest in KAS Engineering through acquiring the remaining 75% interest in KAS Engineering on 28 September 2015. For further details, please refer to the section headed "History, Development and Reorganisation – Corporate History – KAS Engineering" in this prospectus.

KAS Engineering appointed us on 21 May 2012 as its main contractor for the construction of all the premises at a total contract sum of RM266.5 million pursuant to the relevant UiTM building contract. Under our supervision as main contractor, the construction work for this project commenced on 9 November 2012 and was successfully completed on 25 November 2015 in accordance with the UiTM Concession Agreement. We generated revenue from KAS Engineering pursuant to the construction contract of approximately RM81.8 million and RM150.0 million in FY2014 and FP2015, respectively, representing approximately 34.1% and 35.2% of our total revenue for the same period.

Headway Construction

Dato' Michael Teh was also a director of Headway Construction since November 2011, as such he was already familiar with its operations and capabilities. On 22 September 2014, in view of our need to expand our capability to undertake large-scale earthworks and infrastructure construction work, we acquired 50% of Headway Construction. After the acquisition, we are able to undertake earthworks and infrastructure construction works on a much larger scale for projects involving the clearances of large areas of land for the construction of townships. On 28 September 2015, we further acquired an additional 1% interest to obtain control over the management of the business.

OUR PRINCIPAL BUSINESS

During the Track Record Period, we are principally engaged in the provision of construction services. Leveraging our experience and expertise in construction services, we also have the capability to undertake PPP Projects based on the BLMT model. Our construction services business segment consists of (i) building and structural construction works; (ii) mechanical and electrical installation works; (iii) earthworks and infrastructure construction works; and (iv) energy transmission and distribution works. In addition to construction services, we undertook the UiTM BLMT Project which comprises the construction of the UiTM Campus and the provision of post-construction asset management services pursuant to the UiTM Concession Agreement.

The following table sets forth a breakdown of our Total External Segment Revenue during the periods indicated:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment revenue	Segment revenue	Percentage of Total External Segment revenue
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
							(Unaudited)			
Building and structures	240,044	99.9	424,329	99.7	371,295	66.2	166,251	68.0	267,723	70.3
– Construction of UiTM Campus[(1)]	81,826	34.1	150,048	35.3	–	–	–	–	–	–
– Others	158,218	65.8	274,281	64.4	371,295	66.2	166,251	68.0	267,723	70.3
Energy transmission and distribution	–	–	–	–	23,248	4.1	5,565	2.3	26,678	7.0
Mechanical and electrical	–	–	1,039	0.2	18,462	3.3	3,370	1.4	26,010	6.8
Earthworks and infrastructure	–	–	–	–	95,058	16.9	51,171	20.9	33,400	8.8
Total construction contracts revenue	240,044	99.9	425,368	99.9	508,063	90.5	226,357	92.6	353,811	92.9
Concession and maintenance										–
– Income from a concession agreement[(2)]	–	–	–	–	44,240	7.9	15,493	6.3	21,839	5.7
– Building maintenance service income	–	–	–	–	8,793	1.6	2,737	1.1	5,282	1.4
Others	135	0.1	225	0.1	23	0.0	–	–	–	–
Total External Segment Revenue	240,179	100.0	425,593	100.0	561,119	100.0	244,587	100.0	380,932	100.0

Notes:

(1) *On 14 March 2012, the UiTM BLMT Project was awarded to KAS Engineering, whose then shareholders were Tan Sri Barry Goh, our founder, Dato Arifin, our Executive Director, Dato Michael Teh, our Executive Director, Mazlan bin Yusof, and an Independent Third Party. On 21 May 2012, KAS Engineering appointed our Group as its main contractor for the construction of UiTM Campus, which was completed on 25 November 2015. Subsequently in July 2012 and September 2015, BGMC Corporation acquired 25.0% and 75.0% interests in KAS Engineering, respectively, and became the sole shareholder of the latter from then onwards.*

(2) *Income from a concession agreement is disclosed as a separate line item in the consolidated statements of profit or loss and other comprehensive income. Income from a concession agreement represents the imputed interest income on the construction work receivables.*

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments during the Track Record Period:

	FY2014		FP2015		FY2016		1H2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Building and structures	17,036	7.1	34,451	8.1	76,852	20.7	48,292	18.0
– Construction of UiTM Campus	818	1.0	1,500	1.0	–	–	–	–
– Others	16,218	10.3	32,951	12.0	76,852	20.7	48,292	18.0
Energy transmission and distribution	–	–	–	–	4,392	18.9	4,914	18.4
Mechanical and electrical	–	–	534	19.0	7,689	41.6	6,114	18.6
Earthworks and infrastructure	–	–	–	–	9,618	10.1	3,627	10.9
Concession and maintenance – building maintenance service income	–	–	–	–	5,710	64.9	2,961	56.1
Others	10	8.0	143	63.0	–	–	–	–
	17,046	7.1	35,128	8.3	104,261	20.2	65,908	18.4

During FY2016, our Directors reviewed the budget of our ongoing building and structural projects and revised the budget with up-to-date actual cost. This resulted in increased gross profits and gross profit margins, mainly because: (i) the revised budget comprised lower cost due to our cost savings strategy by modifying designs, which directly increased the gross profit margins; and (ii) the total cost for the project decreased, which increased the speed of completion of projects, thereby increasing gross profits. In addition, we reduced rental of machinery and site equipment for certain building and structures projects by the purchase of our own equipment. This directly lowered the cost of sales of these projects, but increased depreciation expenses. Due to aforementioned factors, the gross profits and gross profit margins of some building and structures projects increased significantly.

During the Track Record Period, we were involved in 73 projects, the total contract value of which amounted to approximately RM2.5 billion. During the Track Record Period, we also achieved a strong growth in both our revenue and profits. For the three financial years ended 30 September 2016, our Total External Segment Revenue was approximately RM240.2 million, RM425.6 million and RM561.1 million, respectively, representing a CAGR of approximately 52.8%. For 1H2016 and 1H2017, our External Segment Revenue was approximately RM244.6 million and RM380.9 million, representing a growth rate of 55.7%. For the three financial years ended 30 September 2016, the profit attributable to equity holders of our Company was approximately RM7.2 million, RM21.0 million and RM62.9 million, respectively, representing a CAGR of approximately 195.6%. For 1H2016 and 1H2017, the profit attributable to equity holders of our Company was approximately RM25.1 million and RM32.6 million, representing a growth rate of 29.9%.

Set out below are further details of our scope of services in the construction services business segment and the BLMT project business segment:

Construction Services

Building and Structural Construction Works

The building and structural construction works business segment involves the construction of low-rise and high-rise buildings. During the Track Record Period, we have constructed a wide range of buildings including residential, commercial and office buildings. In particular, we have an established track record in undertaking the construction of high-rise buildings. During the Track Record Period, we were awarded an aggregate of four high-rise projects from our customers.

Some of the major building and structural construction works conducted by us during the Track Record Period (i) D'Pristine@Medini, The Mahogony, Serini and V-Residency 2, which are all high-rise buildings; (ii) Kingsley International School; (iii) refurbishment works of the Bukit Jalil National Sports Complex into Kuala Lumpur Sports City; and (iv) the UiTM Campus.

During the Track Record Period, we undertook our building and structural construction projects through our subsidiary, BGMC Corporation. Our main responsibilities include:

- project implementation and resources planning;
- appointment of specialist sub- contractors;
- sourcing and purchasing of construction materials;
- organising the delivery of construction materials;
- coordination of all site works whilst managing all the workers at site;
- supervising works carried out at the site;
- quality checking and assurance process; and
- overall project management.

Given that building construction projects may require electrical and mechanical engineering works, our customers may list such works as provisional items where our customers are entitled to tender out and appoint a nominated sub-contractor to undertake such works. As main contractor, we are also entitled to take part in the tenders for nominated sub-contractors.

As at the Latest Practicable Date, we are on the vendor list for building and structural works of some of our customers, including the Sime Darby Group and Customer R. Obtaining the Grade G7 licence is a pre-requisite to be included in such vendor lists. The other considerations our customers may take into account include our track record and experience, cost-efficiencies and quality of services.

During the Track Record Period, we were involved in approximately 28 building and structural projects, which contributed revenue to our Group, the total contract value of which amounted to approximately RM2,080.5 million. The following table sets out the five largest building and structural construction projects (in terms of contract value) that we completed during the Track Record Period and up to Latest Practicable Date:

Customer profile	Description of project	Project completion date(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP
			(months)	*(RM'000)*	*(RM'000)*
KAS Engineering	Construction of the UiTM Campus at Dengkil, Selangor, Malaysia ("**Construction of UiTM Campus**")	15 September 2015	36	259,809	231,873
B&G Superb Property Sdn. Bhd.	Construction of two block of 22-storey towers consisting of 616 units of apartment and other amenities at Seksyen 22, Shah Alam, Selangor, Malaysia ("**Project V-Residency 2**")	18 July 2017	36	170,000	153,750
Kingsley International Sdn. Bhd.	Construction of Phase 1 of Kingsley International School and other related facilities at Kingsley Hill, Putra Heights, Selangor, Malaysia ("**Project International School**")	7 September 2015	48	110,837(7)	79,284
Sime Darby Sungai Kantan Development Sdn Bhd	Construction of 20 storey apartment and related local facilities infrastructure located at Seksyen 9, Saujana Impian, Mukim Kajang, Daerah Hulu Langat, Selangor Darul Ehsan, Malaysia	16 January 2017	24	61,500	61,500
Sime Darby USJ Development Sdn Bhd	Construction of 56 units of Courtyard Villa and related local infrastructures at The Glades, Putra Heights, Selangor, Malaysia	20 March 2014	20	56,200	9,688

The following table sets out the five largest building and structural construction projects (in terms of contract value) that were ongoing as at the Latest Practicable Date:

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
D' Pristine Medini Sdn. Bhd.	Construction of a mixed development consisting of a 3-storey retail unit, a 6-storey car park, a 23-storey office tower, a 28-storey of SOHO tower, a 29-storey of SOHO tower and a 27-storey hotel tower at Medini Iskandar, Negeri Johor, Malaysia ("**Project D'Pristine@Medini**")	July 2018	36	580,000	229,051	97,846	272,278
Customer U	Proposed construction of a 26-storey building which consist of (i) 19-storey hotel tower (453 rooms); (ii) 3-storey carpark (level 1, level 2 and level 3); (iii) 4-storey hotel facilities (level g, level 4, level 5 and level 25); and (iv) 2-storey basement carpark at Setia Spice Arena, Bayan Lepas, Penang, Malaysia	January 2020	30	209,488	–	1,031	91,886
Sime Darby Melawati Development Sdn Bhd	Construction of two block of 38-storey towers consisting of 528 units of apartments, car parks and other facilities at Melawati, Selangor, Malaysia	November 2017	24	178,908	70,279	67,065	35,802

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Kingsley Hills Sdn. Bhd.	Construction of earthworks and local infrastructure works for Phase 1, Phase 2 and 130 units of semi detached house of Kingsley Hill, Putra Heights, Selangor ("**Project Kingsley Land**")	June 2017, Pending CPC	60	100,671	80,780	–	–
B&G Global Property Sdn Bhd	Construction of one block of 24-storey tower consisting of apartment and other amenities at Selayang Town, Gombak District, Selangor, Malaysia ("**Project V-Residency 5**")	October 2018	24	66,850	161	4,398	17,698

As at 31 March 2017, our Group had 12 building and structural projects on hand, the total contract value of which was approximately RM1.5 billion. The table below sets out the details of our building and structural construction projects on hand, as at 31 March 2017:

No. of projects on hand as at 31 March 2017(4)	Contract value(3)	Revenue recognised(5)	Percentage of completion as at 31 March 2017(6)
	(RM'000)	*(RM'000)*	*(%)*
12	1,490,768	879,232	59.0

Please refer to the section entitled "Business – Our Principal Business" for further details of our ongoing projects.

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the section headed "Business – Our Business Process – 5. Practical completion" for further details.*

(2) *"Contract period" refers to the agreed project duration as stipulated in the relevant project contract. The actual time required to complete a project may differ from the contract period depending on the progress.*

(3) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional*

sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.

(4) *Refers to a project in which the certificate of practical completion has not been issued but where there has been revenue recognised during the Track Record Period.*

(5) *Refers to the contract sum recognised till 31 March 2017.*

(6) *The percentage represents the quotient of the revenue recognised up to 31 March 2017 divided by the contract value of the building and structural construction projects.*

(7) *The amount consists of phase 1 and phase 2 of the project. Phase 2 of the project was completed in March 2017 and pending CPC.*

Mechanical and Electrical Installation Works

The mechanical and electrical installation works business sub-segment involves the installation of mechanical and electrical components and equipment for buildings and infrastructure. Our capabilities span from the design and planning for equipping a building to the physical installation of mechanical and electrical facilities according to our customer's technical requirements. During the Track Record Period, we generally undertook our mechanical and electrical installation works for commercial and office buildings as sub-contractor. We carry out our mechanical and engineering installation works through our subsidiary, Built-Master Engineering. Our main responsibilities include:

- site survey and site logistical planning;
- electrical and mechanical plan designing for buildings;
- value engineering services; and
- resources planning in relation to machines, equipment and labourers.

During the Track Record Period, we undertook mechanical and electrical works for commercial and office buildings. In the same period, we were involved in approximately 11 projects for mechanical and electrical installation works, which contributed revenue to our Group, the total contract value of which amounted to approximately RM83.3 million. The following table sets out the largest project for mechanical and electrical installation works (in terms of contract value) that we completed during the Track Record Period and up to Latest Practicable Date:

Customer profile	Description of project	Project completion date(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP
			(months)	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn Bhd	Sub-contractor for the extra low voltage, low voltage and medium voltage electrical services work for the construction of a 13-storey commercial complex comprising a 5-storey car park and a 8-storey commercial space of Melawati Town Centre, Selangor, Malaysia	March 2017	24	37,043	33,837

The following table sets out the five largest projects for mechanical and electrical installation works (in terms of contract value) that were ongoing as at the Latest Practicable Date:

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Sub-contractor for the extra low voltage electrical services work and telephone system for the construction of six blocks of apartment tower comprising 2,986 units of apartments and other related amenities at Taman Metropolitan Kepong, Kuala Lumpur, Malaysia	September 2018	30	35,150	2,174	5,564	22,300
Idiqa Holding Sdn. Bhd.	Supply, delivery, installation and testing of mechanical and electrical works for Package 7 of Royal Malaysian Air Force Base at Sendayan, Negeri Sembilan, Malaysia	August 2017	12	2,819	2,014	564	–
B&G Global Property Sdn Bhd	Sub-contractor of mechanical & electrical works for the construction of a primary school at Cyberjaya, Selangor, Malaysia	August 2017	12	2,170	1,175	1,321	79

Customer profile	Description of project	Estimated project completion time[1]	Approximate contract period[2]	Approximate contract value[3]	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Customer V	Sub-contractor for the supply, installation, testing and commissioning of earthing system for the construction of a commercial building comprising (i) one 6-storey office block of 33 units; (ii) three 8-storey office blocks on a podium comprising 480 units; (iii) 3 and 4-storey shophouse comprising 170 units; and (iv) 3-storey underground car park at Bandar Sri Permaisuri, Kuala Lumpur, Malaysia	December 2017	9	587	287	207	–
Idiqa Holding Sdn. Bhd.	Sub-contractor for installation of ducting works for 2 block of 22-storey tower consisting of 700 units apartment and other amenities at Ampang, Wilayah Persekutuan Kuala Lumpur, Malaysia	April 2017, pending CPC	1.5	903	812	90	–

As at 31 March 2017, our Group had ten projects for mechanical and electrical installation works on hand, the total contract value of which was approximately RM266.0 million. The table below sets out the details of our projects for mechanical and electrical installation works on hand, as at 31 March 2017:

No. of projects on hand as at 31 March 2017[4]	Contract value[3]	Revenue recognised[5]	Percentage of completion as at 31 March 2017[6]
	(RM'000)	*(RM'000)*	*(%)*
10	266,062	50,548	19.0

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the paragraph headed "Business – Our Business Process – 5. Practical completion" in this section below for further details.*

(2) *"Contract period" refers to the agreed project duration as stipulated in the relevant project contract. The actual time required to complete a project may differ from the contract period depending on the progress*

(3) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.*

(4) *Refers to a project in which the certificate of practical completion has not been issued but where there has been revenue recognised during the Track Record Period.*

(5) *Refers to the contract sum recognised till 31 March 2017.*

(6) *The percentage represents the quotient of the revenue recognised up to 31 March 2017 divided by the contract value of the mechanical and electrical installation works.*

Earthworks and Infrastructure Construction Works

The earthworks and infrastructure construction works business sub-segment covers the planning, design and construction of foundations of development projects which include site clearing, earthmoving, formation of building platform, installation of drainage system, road system and other relevant infrastructures.

During the Track Record Period, we generally undertook our earthworks and infrastructure construction works as sub-contractor through our subsidiary, Headway Construction. Our main responsibilities within the earthworks and infrastructure business sub-segment include:

- site surveying;
- site clearing;
- site logistical planning for earthmoving works;
- resources planning;
- purchase of fuel for machineries operation; and
- appointing, coordinating and supervising the specialist sub-contractors to carry out specialist infrastructure works.

We also utilise hired earthwork machinery. We hire operators to operate our machine and equipment. Our equipment and machinery include vibratory compactors, motor graders and generator sets, and 18 units of 30-tonne excavators, which we own through hire-purchase from machinery dealers in Malaysia. Our excavators have an average age of 3 years.

As at 28 September 2015, the date on which Headway Construction became our non-wholly owned subsidiary, the net book value of Headway Construction's equipment and machinery under hire-purchase was approximately RM7.9 million. For FY2016 and 1H2017, we acquired new equipment and machinery under hire-purchase for our earthworks and infrastructure business sub-segment in the amount of approximately RM960,000 and nil respectively. At the end of the Track Record Period, we have a total fleet of 21 equipment and machineries under hire-purchase for our earthworks and infrastructure business segment which had a total net book value of approximately RM7.3 million.

During the Track Record Period, we were involved in approximately 14 earthworks and infrastructure construction projects, which contributed revenue to our Group, the total contract value of which amounted to approximately RM278.4 million. Through the main contractor, we also undertook earthworks and infrastructure sub-contracting projects for facilities and infrastructures for the royal Malaysian police awarded by Idiqa Holding Sdn. Bhd. The following table sets out the five largest earthworks and infrastructure construction projects (in terms of contract value) that we completed during the Track Record Period and up to Latest Practicable Date:

Customer profile	Description of project	Project completion date[(1)]	Approximate contract period[(2)]	Approximate contract value[(3)]	Revenue attributable to our Group during TRP
			(months)	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Upgrading of the main arterial road and associated infrastructure (Zone 2) for KLGCC Resort Real Estate Development along Jalan 1/70D, off Jalan Bukit Kiara, Kuala Lumpur, Malaysia	23 February 2016	5	24,225	17,559
Idiqa Holding Sdn. Bhd.	Bulk earthworks and main infrastructure works for main roads at Zone 5 Nilai Impian & Nilai Utama, Negeri Sembilan, Malaysia	4 January 2014	11	15,791	154
Idiqa Holding Sdn. Bhd.	Bulk earthworks, detention pond 2 and main drainage works at Zone 4B of Nilai Impian & Nilai Utama, Negeri Sembilan, Malaysia	31 August 2014	12	14,315	194
Bras Ventures Berhad	Construction and completion of earthworks, infrastructure works and appurtenance works for Part H-1at Denai Alam, Selangor, Malaysia	30 June 2014	12	12,247	93
Idiqa Holding Sdn. Bhd.	Construction and completion of Phase 3 & part of Phase 4 earthwork for a mixed development at Labu, Negeri Sembilan, Malaysia	30 April 2015	8	6,225	447

The following table sets out our five largest earthworks and infrastructure construction projects (in terms of contract value) that were ongoing as at the Latest Practicable Date:

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Construction for facilities and infrastructure for use by the Royal Malaysian Air Force at Sendayan, Negeri Sembilan, Malaysia	August 2017	24	89,349	30,330	4,383	–
Idiqa Holding Sdn. Bhd.	Site clearance and earthworks for the development of University Town Pagoh, Johor, Malaysia	August 2017	12	64,599	49,617	17,575	2,904
Idiqa Holding Sdn. Bhd.	Construction and completion of earthwork, main Drain, realignment of existing Rivers and other Related Works for the development of Phase 1 Bandar Bukit Raja 2, Selangor, Malaysia	October 2017	18	37,999	17,639	28	–
Idiqa Holding Sdn. Bhd.	Rescue contractor for the construction and completion of earthworks, ground soil treatment, surface water drainage, retaining walls and other related works for the Royal Malaysian Police at Subang, Selangor, Malaysia	August 2016, pending CPC	10	32,376	4,015	42	–
Customer O	Earthworks for a residential development, including drainage in Kota Seriemas, Negeri Sembilan, Malaysia	September 2017	15	14,439	7,625	6,367	341

As at 31 March 2017, our Group had six earthworks and infrastructure construction projects on hand, the total contract value of which was approximately RM241.1 million. The table below sets out the details of our earthworks and infrastructure construction projects on hand, as at 31 March 2017:

No. of projects on hand as at 31 March 2017[4]	Contract value[3]	Revenue recognised[5]	Percentage of completion as at 31 March 2017[6]
	(RM'000)	*(RM'000)*	*(%)*
6	241,130	202,827	84.1

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the paragraph headed "Our Business Process – 5. Practical completion" in this section below for further details.*

(2) *"Contract period" refers to the agreed project duration as stipulated in the relevant project contract. The actual time required to complete a project may differ from the contract period depending on the progress*

(3) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.*

(4) *Refers to a project in which the certificate of practical completion has not been issued but where there has been revenue recognised during the Track Record Period.*

(5) *Refers to the contract sum recognised till 31 March 2017.*

(6) *The percentage represents the quotient of the revenue recognised up to 31 March 2017 divided by the contract value of the earthworks and infrastructure construction projects.*

Energy Transmission and Distribution

Our energy transmission and distribution business sub-segment involves the design and establishment of medium and high voltage power substations and installation of medium and high voltage underground cabling and overhead lining systems. During the Track Record Period, we generally undertook our energy transmission and distribution works as sub-contractor through our subsidiary, BGMC Corporation. Our main responsibilities for our energy transmission and distribution works include:

- site survey and site logistical planning;
- resources planning in relation to machines, equipment and labour;
- obtaining local authority approval for work permits;
- purchasing the necessary construction material, such as HDPE pipe; and
- testing and commissioning of the systems installed.

During the Track Record Period, the projects we have undertaken for our energy transmission and distribution work typically involves the installation of 33kV underground cabling systems and construction of power substations. As at the Latest Practicable Date, we were working on a project for the laying of 33kV underground cables, and had been awarded a contract for the construction of a 275kV substation.

During the Track Record Period, we were involved in approximately 20 projects for energy transmission and distribution works, which contributed revenue to our Group, the total contract value of which amounted to approximately RM92.0 million. The following table sets out the five largest projects for energy transmission and distribution (in terms of contract value) that we completed during the Track Record Period and up to Latest Practicable Date:

Customer profile	Description of project	Project Completion date[(1)]	Approximate contract period[(2)]	Approximate contract value[(3)]	Revenue attributable to our Group during TRP
			(months)	*(RM'000)*	*(RM'000)*
Bras Ventures Berhad	Application for 33kV temporary electricity supply for the mixed stratified commercial development at PTD 4098, Tanjung Kupang, Johor, Malaysia	October 2016	5	11,210	11,210
Idiqa Holding Sdn. Bhd.	Installation, testing and commission of 33kV single core underground cables with fibre optic cables from PMU Pasak to SSU Seluyut, Johor, Malaysia	April 2016	6	4,147	4,147
Idiqa Holding Sdn. Bhd.	Installation, testing and commission of 33kV single core underground cables with fibre optic cables from PMU Kangkar Tebrau to PPU ECO Business, Johor, Malaysia	May 2016	4	3,582	3,582
Idiqa Holding Sdn. Bhd.	Installation, testing and commission of 33kV single core underground cables with fibre optic cables from PMU Skudai to PPU Mutiara Rini, Johor, Malaysia	February 2016	4	2,754	2,754
Bras Ventures Berhad	Installation, testing and commission of 33kV single core underground cables with fibre optic cables from PPU Sutera to PPU Mutiara Rini, Johor, Malaysia	May 2016	4	2,649	2,649

The following table sets out the five largest projects for energy transmission and distribution (in terms of contract value) that were ongoing as at the Latest Practicable Date:

Customer profile	Description of project	Estimated project completion time(1)	Approximate contract period(2)	Approximate contract value(3)	Revenue attributable to our Group during TRP	Revenue to be recognised after TRP and up to 30 September 2017	Revenue to be recognised for FY2018
			(months)	*(RM'000)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Idiqa Holding Sdn Bhd	Rehabilitation works for 132kV substation Damansara Heights	September 2019	30	42,303	–	1,317	28,667
Bras Ventures Berhad	Extension of PMU 275/132kV substation known as Tanjung Langsat Industrial Estate, Johor, Malaysia	May 2019	36	31,397	603	214	28,749
Idiqa Holding Sdn Bhd	Proposed 132KV double circuit underground cable lilo into PMU MRT at Damansara Height	May 2018	14	16,136	–	728	14,870
Bras Ventures Berhad	Installation, testing and commission of 33kV single core underground cables with fibre optic cables from PMU Pasak to PPU Sedili Besar, Johor, Malaysia	March 2017, pending CPC	8	7,472	6,019	1,229	–
Bras Ventures Berhad	Installation works for compact hybrid switchgear at three bay generator transformer and low impedance busbar protection at PMU Chenderoh	February 2018	16	4,539	–	3,277	818

As at 31 March 2017, our Group had 15 projects for energy transmission and distribution works on hand, the total contract value of which was approximately RM125.2 million. The table below sets out the details of our projects for energy transmission and distribution on hand, as at 31 March 2017:

No. of projects on hand as at 31 March 2017(4)	Contract value(3)	Revenue recognised(5)	Percentage of completion as at 31 March 2017(6)
	(RM'000)	*(RM'000)*	*(%)*
15	125,215	17,001	13.6

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the paragraph headed "Our Business Process – 5. Practical completion" in this section below for further details.*

(2) *"Contract period" refers to the agreed project duration as stipulated in the relevant project contract. The actual time required to complete a project may differ from the contract period depending on the progress.*

(3) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.*

(4) *Refers to a project in which the certificate of practical completion has not been issued but where there has been revenue recognised during the Track Record Period.*

(5) *Refers to the contract sum recognised till 31 March 2017.*

(6) *The percentage represents the quotient of the revenue recognised up to 31 March 2017 divided by the contract value of the energy transmission and distribution works.*

UiTM BLMT Project

UiTM is a public university established under the University Teknologi MARA Act 1976 (Act 173) and its main campus is located at Shah Alam, Selangor, Malaysia. As at the Latest Practicable Date, UiTM had 35 campuses with more than 18,000 staff and offered over 500 programmes for more than 165,000 students.

KAS Engineering was granted a concession for the UiTM BLMT Project by the Malaysian government under the PFI Programme on 14 March 2012. We acted as the main contractor for the construction works of the UiTM BLMT Project, and undertook the construction for the UiTM Campus for a period of three years from November 2012 to November 2015. We sub-contracted the construction of the UiTM Campus to Modular Construction Technology Sdn Bhd, a subsidiary of the MCT Group. Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further details of the MCT Group. After construction of the UiTM Campus, the relevant certificate of acceptance was obtained in November 2015. Please also refer to the paragraph headed "Our acquisitions during the track record period" in this section above for further details.

Under the UiTM Concession Agreement, KAS Engineering undertook to construct the UiTM Campus in accordance with the agreed specifications within three years from the Construction

Commencement Date. Thereafter, KAS Engineering would lease the UiTM Campus to UiTM for the remainder of the Concession Period as well as carry out the asset management services in accordance with the Asset Management Services Manual. Throughout the remainder of the Concession Period, KAS Engineering would receive monthly payments of availability charges (i.e. consideration for completing the construction works) and asset management services charges as stipulated in the UiTM Concession Agreement. Upon the expiry of the Concession Period, KAS Engineering is obliged to hand over the buildings, facilities and infrastructure free from encumbrances to UiTM. As we receive monthly availability charges and asset management services charges only after completion of the construction of the UiTM Campus, the funding requirement of the construction of the UiTM BLMT Project is relatively higher compared to our other construction projects, as intensive capital investment is required at the initial construction stage of the UiTM BLMT Project. Unlike our other construction projects, the project design of the UiTM BLMT Project is agreed with the customer instead of third party consultants. We also have to ensure the maintenance of the completed UiTM campus for a much longer time for the whole of the Concession Period, as compared to only ensuring maintenance during the defect liability period for our other construction projects. Please refer to the table below for further details on the availability charges and asset management services charges.

In accordance with the University Teknologi MARA Act 1976 (Act 173), UiTM is solely funded by the Malaysian Government. Our Directors are of the view that UiTM is a creditworthy customer. Since the handover of the UiTM Campus in November 2015 until the Latest Practicable Date, we had not experienced any delays in payment by UiTM and had duly received the requisite monthly sums from UiTM.

Concession charges	:	UiTM shall pay KAS Engineering availability charges of RM3.80 per square foot per month, amounting to approximately RM48.1 million per year and an aggregate sum of approximately RM962.9 million in consideration for KAS Engineering completing the construction works for the UiTM Campus, to be paid monthly in arrears over the Asset Management Services Period. UiTM shall also pay KAS Engineering asset management services charges of approximately RM17.1 million per year, amounting to an aggregate of approximately RM342.1 million of asset management services charges, in consideration for KAS Engineering undertaking the obligation to provide the asset management and maintenance services, to be paid monthly in arrears over the Asset Management Services Period. Such asset management services charges comprise (i) RM0.80 per square foot per month of maintenance services charges (the “**Maintenance Charges**”) amounting to RM10.1 million per year and an aggregate sum of approximately RM202.7 million; and (ii) RM0.55 per square foot per month of asset management programme charges (“**Asset Management Programme Charges**”), amounting to approximately RM7.0 million per year and an aggregate sum of approximately RM139.4 million. The asset management programme (the “**Asset Management Programme**”) is a programme set out in the asset management services manual (the “**Asset Management Services Manual**”) to specify the terms of management of the UiTM Campus to maintain its functionality within the expected lifespan in the most cost effective manner during the Asset Management Services Period. All of the Asset Management Programme Charges shall be contributed to the Maintenance Reserve

Fund (as defined below). Upon expiry of the Concession Period, UiTM shall be entitled to the total deposit in the Maintenance Reserve Fund as at the expiry date (including profit or interest earned from the account) less any amount incurred by KAS Engineering for the purpose of the Asset Management Programme. Please refer to the section entitled "Financial Information – Summary for UiTM BLMT Project" for further details on the accounting treatment of the concession charges.

The Maintenance Charges portion of the asset management services charges may be reviewed every 5 years after the Construction Completion Date (as defined below) but if new rates are not agreed, then the stipulated asset management service charges would continue to apply.

Maintenance Reserve Fund : UiTM and KAS Engineering shall jointly establish a maintenance reserve fund ("**Maintenance Reserve Fund**") whereby contribution to such fund comprising the Asset Management Programme Charges is wholly made by UiTM.

KAS Engineering shall withdraw and utilise the Maintenance Reserve Fund solely for the purposes of replacement, refurbishment or remedial works of UiTM Campus assets which have reached their recommended lifespan due to wear and tear or unscheduled failure, as specified in the Maintenance Reserve Fund withdrawal conditions and procedures agreed among the parties.

Sub-Lease of Land : Within 30 days from completion of the construction works of the UiTM Campus, (i) UiTM shall sub-lease the Land to KAS Engineering for a period which shall expire at the same time as the expiry of the Concession Period; and (ii) simultaneously with (i), KAS Engineering shall grant a sub-lease on the sub-lease in (i) to UiTM for the same period.

(the sub-lease agreements in (i) and (ii) shall be referred to as the "**Sub-Lease Agreements**")

Construction works : *Scope*

KAS Engineering shall carry out the construction works relating to the UiTM Campus, and the construction works shall be targeted to be completed no later than three years after the Construction Commencement Date (the "**Construction Completion Date**").

Delay

Where KAS Engineering is unable to complete the construction works by the targeted Construction Completion Date due to delays on the part of the Malaysian government or UiTM, UiTM shall grant KAS Engineering an extension of time to the Construction Completion Date and extend the Concession Period not exceeding the period of delay.

Where any delay is due to the fault of KAS Engineering and it is able to rectify the cause of the delay, it shall not be entitled to an extension of the Concession Period. If it is unable to rectify the delay, UiTM shall have the right to terminate the UiTM Concession Agreement.

Asset management services : KAS Engineering shall throughout the Asset Management Services Period provide the asset management services, comprising provision of the maintenance services for the UiTM Campus, which shall include all mechanical and electrical installations and refurbishment and the replacement of the UiTM Campis assets in accordance with the Asset Management Programme, as set out in the Asset Management Services Manual.

The asset management services shall be carried out in accordance with certain key performance indicators ("**KPIs**") as specified in the Asset Management Services Manual. Such key performance indicators are calculated by reference to a weighted points system designed by UiTM to assess asset management performance and quality, and the criteria include level of satisfaction from end-users (ie. students on campus), response time to rectifying defects or faults and satisfaction of work quality in accordance with industry standards. In the event KAS Engineering fails to carry out the asset management services in accordance with the KPIs, UiTM may deduct a penalty amount from the asset management services charges in accordance with the relevant demerit penalty system as specified in the Asset Management Services Manual. Should UiTM deduct more than 25% of the asset management services charges each month for three consecutive months, UiTM will be entitled to terminate the UiTM Concession Agreement.

KAS Engineering shall also be responsible at its own expense to make good any apparent defects or faults of the UiTM Campus assets upon notification by UiTM. If KAS Engineering fails to make good any defects or faults, the costs and expenses undertaken by UiTM to do so will be deducted from the asset management services charges. However, KAS Engineering is able to claim expenses for certain remedial works from the Maintenance Reserve Fund, provided that such remedial works have been specified in the Maintenance Reserve Fund withdrawal conditions and procedures agreed among the parties and subject to approval from UiTM. KAS Engineering is also able to claim expenses for certain remedial works covered by the insurance policies it had undertaken relating to the UiTM BLMT project, such as remedial works in respect of defects or faults caused by vandalism or fire.

The total Asset Management Programme Charges of RM139.4 million to be contributed to the Maintenance Reserve Fund is calculated based on the estimated schedule of life cycle costing(1) for the maintenance and repair of works and equipment relating to the UiTM BLMT Project over 20 years of the Asset Management Services Period. The life cycle costing of the equipment and work specified in the Maintenance Reserve Fund withdrawal conditions and procedures is comprehensive and cover major systems and equipment in four categories as follows:

(i) Civil – road and car park painting, road resurfacing, building repainting, furniture replacement, fencing and gate, toilet waterproofing, major roof, gutter and ceiling work, surface water drainage, building floor finishes, water tank replacement, making good water pump at pump station

(ii) Electrical – UPS battery and equipment, generator systems, telephone systems, card access and CCTV systems, lightning, surge protection and voltage stabilising systems, switchgears and wiring, and rewiring for the internal building

(iii) Mechanical – lift car system, building management system, fire fighting system, cold water system, clean agent, fire extinguisher, fume cupboard

(iv) Information and communication technology – network equipment and server room systems

As at the Latest Practicable Date, there was a total amount of approximately RM10.7 million in the Maintenance Reserve Fund. For FY2015 and FY2016, the total life cycle costs for maintenance works which would utilise the Maintenance Reserve Fund were nil and nil respectively. For FY2017, the life cycle costs is estimated to be approximately RM0.21 million.

It is expected that approximately RM7.0 million will be contributed to the Maintenance Reserved Fund each year during the Asset Management Services Period.

In view of i) the life cycle costs incurred so far; ii) the management's projection of the life cycle costs required going forward; iii) the current amount of Maintenance Reserve Fund available and the expected additional contribution each year; and iv) the relevant insurance cover in place, the Directors believe that all relevant maintenance costs would be sufficiently covered by the Maintenance Reserve Fund and the relevant insurance policies.

Note:

(1) The schedule of life cycle costing ("**LCC**") is derived based on the following assumptions:

(i) a compounded rate at 3.0% of future value from Year 1 to Year 20;

(ii) life cycle period of equipment and works are estimated based on the manufacturer's specification or recommendation, engineering best practise and literature findings; and

(iii) the quantity required for replacement is estimated from the engineering design brief and where the quantity is not possible, a percentage of project cost (taken from the approved construction cost) is based on engineering best practise.

Consequences of the expiry of the Concession Period : Upon expiry of the Concession Period, KAS Engineering is obliged to hand over the buildings, facilities and infrastructure constructed by KAS Engineering in respect of the UiTM Campus free from encumbrances to UiTM. KAS Engineering shall also be responsible for any liabilities, claims or proceedings existing prior to and on the date of expiry of the concession in connection with its obligations under the UiTM Concession Agreement.

Insurance : KAS Engineering shall throughout the Asset Management Services Period obtain fire insurance, public liability insurance and all other insurances to indemnify UiTM in respect of legal liability arising from accidental bodily injury to students, staff of UiTM and members of the public.

Force Majeure : A force majeure event refers to an event not within the control of the affected party, including terrorism, contamination by radioactivity, natural catastrophes such as earthquakes or floods, and riots or labour unrest. A party shall not be in breach of its obligations under the UiTM Concession Agreement if its failure to comply is due to a force majeure event.

The parties may mutually terminate the UiTM Concession Agreement if a force majeure event has occurred and the affected party reasonably considers it to be of such severity or continuing for a period of more than six months.

If a force majeure event occurs and the UiTM Concession Agreement is not terminated and where the UiTM Campus has been destroyed or substantially damaged, the parties shall agree to restore such damaged parts to the condition immediately prior to the occurrence of the force majeure event at their own expenses. If KAS Engineering is able to demonstrate that it has incurred substantial costs affecting the UiTM BLMT Project, it may apply to UiTM for an extension of the Construction Completion Date or the Concession Period (as the case may be).

Termination – Default during the Construction Period	:	UiTM shall be entitled to immediate termination of the UiTM Concession Agreement if any of the following events of default occur and KAS Engineering fails to remedy such default: (i) the construction works are not carried out in accordance with the approved plans and designs; (ii) the construction works are suspended for a continuous period of thirty days; or (iii) the construction works are not completed by the targeted Construction Completion Date due to the fault of KAS Engineering
Termination – Consequences of termination during the Construction Period	:	Upon termination of the UiTM Concession Agreement by UiTM during the Construction Period, UiTM shall be entitled to complete the construction works on its own or appoint another party. KAS Engineering shall hand over vacant possession of the Land free from encumbrances to UiTM, and pay to UiTM no later than six months after termination, any costs and expenses incurred by UiTM arising from such default, including actual costs and expenses incurred by UiTM in having to complete the construction works in excess of the costs and expenses which would have been incurred by KAS Engineering in completing the construction works.
Termination – Default during Asset Management Services Period	:	UiTM shall be entitled to immediate termination of the UiTM Concession Agreement if any of the following events of default occur and KAS Engineering fails to remedy such default: (i) failure to provide asset management services for a continuous period of seven days; (ii) failure to carry out the asset management services in accordance with the Asset Management Services Manual; (iii) failure to achieve the KPIs in respect of the asset management services as specified in the Asset Management Services Manual and UiTM has paid more than 25% of the asset management services charges each month for three consecutive months; (iv) causing the termination of the Sub-Lease Agreements; or (v) breach of any of KAS Engineering's obligations or failure to comply with any provisions in the UiTM Concession Agreement
Termination – Consequences of termination during Asset Management Services Period	:	Upon termination of the UiTM Concession Agreement by UiTM during the Asset Management Services Period, all the Sub-Lease Agreements shall be automatically terminated and the Land shall revert back to UiTM.

UiTM shall be entitled to (i) utilise the UiTM campus for its own benefit and shall keep the balance amounts in the Maintenance Reserve Fund as at the termination date less any amount incurred by KAS Engineering for the purpose of the Asset Management Programme; (ii) pay to KAS Engineering the outstanding amount relating to the loan obtained by it and approved by the Malaysian government for the purpose of financing the construction cost of the UiTM campus; and (iii) pay to KAS Engineering all availability charges and asset management services charges which are due and payable as at the termination date.

KAS Engineering shall (i) be deemed to have given the mandate to UiTM to utilise all monies in the Maintenance Reserve Fund; (ii) hand over the buildings, facilities and infrastructure in respect of the UiTM Campus free from encumbrances to UiTM; (iii) make good any defects at its own cost; and (iv) and pay to UiTM all losses, damages or penalties incurred by UiTM arising directly or indirectly from such default.

Termination – Default by UiTM

If UiTM fails to fulfil any of its obligations under the UiTM Concession Agreement or fails to make payment of the availability charges or asset management services charges or any part thereof and fails to remedy such default, KAS Engineering shall terminate the UiTM Concession Agreement and all the Sub-Lease Agreements shall be automatically terminated and the Land shall revert back to UiTM.

UiTM shall (i) no later than six months after termination, pay to KAS Engineering the present value of the availability charges for the remaining unexpired Concession Period discounted at the weighted average cost of capital of KAS Engineering as at the termination date less any amounts which may be owed by KAS Engineering to UiTM; (ii) within sixty days pay KAS Engineering the availability charges and/or asset management services charges due and payable as at the termination date; and (iii) be entitled to utilise the UiTM Campus for its own benefit.

KAS Engineering shall (i) cease to perform any further obligations in relation to the concession and its rights in respect of the concession shall revert and vest in UiTM; (ii) hand over the buildings, facilities and infrastructure in respect of the UiTM Campus free from encumbrances to UiTM; and (iii) be entitled to the balance of the money in the Maintenance Reserve Fund as at the termination date less any amount incurred by it for the purpose of the Asset Management Programme.

Expropriation : The Malaysian government may at anytime terminate the UiTM Concession Agreement by expropriating the rights vested in KAS Engineering as a holder of the concession if it considers that such expropriation is in the national or public interest or national security. The consequences for termination shall be the same as those above if termination is due to a default by UiTM.

In the event of a unilateral termination of the UiTM Concession Agreement by the Malaysian government before the expiry of the Concession Period, UiTM shall (i) no later than six months after termination, pay to KAS Engineering the present value of the availability charges for the remaining unexpired Concession Period discounted at the weighted average cost of capital of KAS Engineering as at the termination date less any amounts which may be owed by KAS Engineering to UiTM; and (ii) within sixty days pay KAS Engineering the availability charges and/or asset management services charges due and payable as at the termination date. Further, KAS Engineering shall be entitled to the balance of the money in the Maintenance Reserve Fund as at the termination date less any amount incurred by it for the purpose of the Asset Management Programme.

There is no assurance that the Concession Agreement will not be terminated before the expiry of the Concession Period. If the Concession Agreement is terminated for whatever reason before expiration, our business, financial condition and operating results will be materially and adversely affected. Please refer to the section headed "Risk Factors – Risks Relating to Our BLMT Projects" in this prospectus for details of the risks associated with the UiTM BLMT Project.

KAS Engineering entered into a term loan solely for the financing of the UiTM BLMT Project, which amounted to RM265.7 million, RM271.9 million and RM252.2 million as at 30 September 2015, 30 September 2016 and 31 March 2017, respectively. Please refer to the section headed "Financial information – Indebtedness – Borrowings" for further details. The major terms of the term loan is set out in the table below:

Purpose of loan	:	Finance part of the construction cost of the UiTM Campus and other ancillary cost relating to the UiTM BLMT Project, including but not limited to fees for independent checking engineers appointed by the Malaysian government and consultants, legal fees and stamp duties.
Term	:	The term of the facility will be for a maximum of 15 years.
Interest rate	:	Floating interest rate pegged to the effective cost of funds of the bank from time to time.
Conditions precedent	:	The conditions precedent include:

(i) entry into security documents which create a floating charge over all present and future assets of KAS Engineering, assignment of all present and future rights of KAS Engineering pursuant to the relevant construction contract;

(ii) a joint and several guarantee by all directors of KAS Engineering and a corporate guarantee by BGMC Corporation;

(iii) evidence of issuance of the performance bond stipulated under the construction contract with the main contractor;

(iv) appointment of an independent checking engineer for review of the construction works by the Malaysian government at KAS Engineering's expense; and

(v) issuance of a letter and acknowledgement by the Malaysian government of the bank's step-in-right ("**Step-in-right**") to appoint, terminate and/or substitute consultants, suppliers or advisors to ensure completion of the UiTM BLMT Project, or the right to substitute KAS Engineering for another concession company (subject to the Malaysian government's approval) in any event of default during the construction period.

Covenants : The covenants include:

(i) obtaining prior written consent of the bank for, among others, any change in capital or change of management of KAS Engineering, entry into investments other than in the ordinary course of business, terminate any insurance policy or enter into liquidation proceedings unless all outstanding bank borrowings have been fully satisfied;

(ii) permitting inspection of the books by the bank;

(iii) paying and discharging all taxes and levies imposed;

(iv) notifying the bank the occurrence of any potential or actual event of default, any litigation which has a material adverse effect on the business and financial condition of KAS Engineering, or any change in the nature of business of KAS Engineering or B&G Corporation; and

(v) operating and maintaining the UiTM Project and ensuring there are no non-compliances which would have a material adverse effect.

Event of default Any event of default includes:

(i) non-payment under the loan;

(ii) breach of obligation (including conditions, undertakings, or covenants) of the loan agreement;

(iii) any misrepresentation which would have a material adverse effect on the business and financial condition of KAS Engineering;

(iv) KAS Engineering, B&G Corporation or any of their transaction counterparties becomes insolvent;

(v) any litigation which may have a material adverse effect on the business and financial condition of KAS Engineering; or

(vi) any delay in the construction of the UiTM BLMT Project which is not rectified.

If there is an occurrence of any event of default which is not waived by the bank, the bank shall have the right to:

(i) cancel the loan;

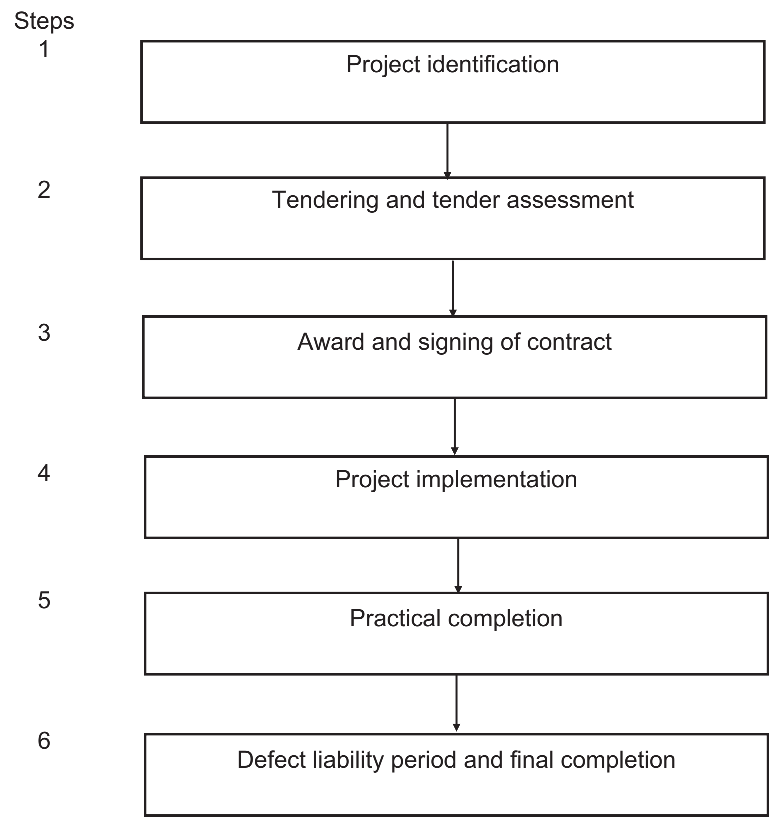
(ii) all sums payable under the loan are immediately due and payable; and/or

(iii) institute proceedings to enforce the security documents to recover payment for amounts due under the loan; or

(iv) enforce its rights including its Step-in-right or any rights of set-off.

OUR BUSINESS PROCESS

The general workflow of our business operations is as follows:



1. Project identification

Identification methods

We generally identify potential projects through receiving letters of invitation to tender or otherwise becoming aware of open tenders. However in both cases, customers commonly take into account factors such as reputation, track record and contractors on their vendors' list of approved contractors. During the Track Record Period, we mainly served customers including leading property developers and a government-linked company in Malaysia. We participate in all types of tenders including closed and open tenders, with some of our tenders being pre-qualified tendering.

Assessment before proceeding

In general, we will make an assessment on whether to proceed after becoming aware of any tenders for new projects. In our assessment, we consider, among other things, the payment record of the customer, location, services to be provided, fees chargeable, contract period and payment terms. Moreover, we will also consider the requirements of our current projects and whether we have enough spare resources to maintain our standard of quality for new projects. Based on this assessment, we consider whether to bid for the tender or accept the request a quotation. For tenders, we will perform the additional steps below in relation to tendering.

If the invitation or request comes from new customers, we normally also assess their background and basic project parameters such as contract period, scope of services, amount of liquidated damages and contractual restrictions. We gather such information through communication with new customers and our own investigations such as through public searches as part of our assessment in deciding whether to participate in the project.

2. Tendering and tender assessment

Tender review process and feasibility study

After we decide to proceed with the tender, sometimes we may be required to prepare the necessary pre-qualification submissions, study the tender background, complete a forecast review and perform a site visit. Pre-qualification is a process used to study the eligibility of applicants for tenders and the factors considered in this process includes the company and its resources, past job experience, proposed resources to be allocated to the project, proposal for project implementation, safety and environmental protection record. During the site visit, our personnel from the tender and budgeting team will assess the complexity of the work and provide recommendations on how to perform the work in an efficient and cost-effective manner.

We have adopted a systematic tender review process. Our project director will produce a preliminary master programme to assess the resources required for the construction project. We will assess the feasibility of the undertaking and note the projects' technical requirements, proposed project schedule, quality expectation, quantity expectation, and a preliminary allocation of resources for the project to determine if we have sufficient resources for current and future works and other possible business risks before deciding to proceed.

Pricing strategy

We pay particular attention to our proposed tender price, including taking into account expected inflationary effects. In deciding our price, we normally take into account a number of factors including (i) our business relationship with the customer; (ii) prevailing market rates, market trends and our recent project quotations; (iii) our available resources; (iv) the need for procurement of additional resources (such as materials and equipment); (v) the need for engaging sub-contractors and adequacy of its labour force; (vi) our budget; (vii) our cost and potential increase in cost during the contract term; and (viii) the requirements of the tender or quotation, including job complexity and any specific legal requirements. Details of our tender proposal are generally reviewed and endorsed by our senior management before being submitted to the customer for consideration.

Our Directors confirmed that we did not have any material loss-making contracts during the Track Record Period.

Tender success rate

Our overall tender success rate was 52.6%, 23.0%, 15.1% and 12.0% for FY2014, FY2015, FY2016 and 1H2017, respectively. There was a decrease in the tender success rate in FY2015 since we focused more on a wider range of customers aiming to broaden our customer base. It is natural for the tender success rate to decrease as we targeted to diversify our business, particularly in the building and structural construction works segment. Out of the 16 tenders submitted in FY2015 in respect of the building and structural construction works segment, eight of them were tenders with new customers who were property developers in Malaysia (including Tenaga Nasional Berhad) while six of them were related to specialty works projects conducted by the Sime Darby Group. For the mechanical and electrical installation works segment, the BME Group mainly focused on internal clients in FY2014. In FY2014, six out of 11 tenders were tenders with internal clients, which was the main reason behind the over 90% tender success rate in FY2014. In FY2015, we have adopted a proactive strategy for the BME Group after our acquisition in May 2015 to tender for external projects. As a result, out of the 18 tenders submitted in FY2015, eight of them were tenders with new customers, nine of them were tenders with an existing customer, Idiqa Holding Sdn. Bhd. (a new customer from the BME Group's perspective) and the remaining one was a tender with an internal client. This has led to a drastic decrease in the tender success rate for the mechanical and electrical installation works segment in FY2015.

The table below sets out the statistics for the number of projects we tendered for the three financial years ended 30 September 2016 and 1H2017, respectively:

	FY2014			FY2015			FY2016			1H2017		
	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate	No. of projects tendered	No. of projects awarded	Success rate
			(%)			*(%)*			*(%)*			*(%)*
Construction services												
Building and structural	14	8	57.1	16	2	12.5	37	5	13.5	3	-	-[(2)]
Mechanical and electrical works[(1)]	11	10	90.9	18	2	11.1	15	2	13.3	6	-	-[(2)]
Earthworks and infrastructure[(1)]	13	2	15.4	7	1	14.3	3	1	33.3	3	1	33.3
Energy transmission and distribution	Nil	Nil	Nil	20	9	45.0	38	6	15.8	13	2	15.4

Notes:

(1) *These statistics include the tenders submitted during the period before our acquisition of Headway Construction and the BME Group. Please refer to the section entitled "Business – Our Acquisitions during the Track Record Period" for further details.*

(2) *The tender results for all projects are pending as at the Latest Practicable Date.*

3. Award and signing of contract

After a successful tender, we will enter into a formal contract. The terms generally found in such contracts are summarised in the paragraph headed "Our Customers – General terms of contracts with customers" in this section below and include, among others, the length of the contract, circumstances where the parties have a right to terminate and payment terms.

4. Project implementation

During the project implementation stage, we will take the following steps:

Formulating the project management team

We first form a project management team generally comprising a project manager, site manager, project engineer, site supervisor, site safety supervisor, contract executive and a number of technical staff who are responsible for the works supervision and the day-to-day operations of the project.

Preparation of the contractor design and technical submission

Generally, the requirements and specifications in the contract document are outlines and it is necessary for our project management team to transform such requirements into a comprehensive and practical submission to guide the parties. We therefore prepare submission documents such as the project implementation plan, the safety and health plan, the environmental monitoring plan, the master work programme and the engineering contractor design including temporary work design and technical submission. A draft copy of the project progress report is also prepared for the superintendent officer's approval.

Procurement of additional equipment and materials and sub-contracting of works to sub-contractors

We generally bulk-purchase the raw materials from third parties and hire-purchase equipment where necessary for our projects but we may assign responsibility to sub-contractors for obtaining certain materials along with the sub-contracted works. The raw materials required for our projects are normally sourced through our suppliers in Malaysia. Please refer to the paragraph headed "Our Suppliers and Sub-contractors – Materials, equipment and machineries" in this section for further details. All raw materials purchased will be directly delivered to the relevant worksites. Our on-site personnel will perform quality inspection on the raw materials to ensure that their specifications, appearance and functionality meet our standards and requirements.

Further, to ensure quality of our services, we have an established procedure for selecting and engaging suppliers and sub-contractors from our list of approved suppliers and sub-contractors for our projects as detailed in the paragraph headed "Our Suppliers and Sub-contractors – Criteria for selecting suppliers and sub-contractors" in this section below.

Project monitoring and quality management

The project manager or site manager and other members of the project management team will closely monitor and supervise the works carried out by the sub-contractors to see if they conform to the design drawing and specifications. In order to ensure consistent quality of service in the project, we have adopted a number of measures. For further details of such measures, please refer to the paragraph headed "Quality Management System" in this section below. We will monitor and supervise our sub-contractors' performance quality on a fortnightly basis, and check that they and their employees follow our guidelines and conduct periodic progress meetings to address specific issues. Occasionally, the relevant project director and our chief executive officer would attend the meetings as well. The project management team also prepares a fortnightly progress report on the site progress reporting.

If we are the main contractor, we will also adopt a coordination role to liaise with the customers, their consultant and agents and the other service providers directly employed by the customers to resolve technical matters in relation to the projects.

Variation orders

During the course of a project, our customers may require additional services or changes in the specifications which will result in extra costs to be charged by us to the customers. In our experience, depending on the amount of additional services or changes, such cost amount varies and will be charged in addition to the original contract sum. Although we will continue to apply for progress payment for such variation orders during the course of the project, the final amount to be charged for such variation orders is subject to negotiation between the parties and part of the costs may be settled after the practical completion date of the project when all the works are completed and on or before the final completion date.

Application for payment and certification

According to the relevant contract, we normally receive progress payments during the contract period which is generally on a monthly basis. In order to receive such payment, we normally make an application for interim payment for work done (including contract work and variation order work) and our customer will examine the completed work at that stage and issue a certification upon completion of the relevant works. In practise, this certification process generally takes around 2 weeks. Upon presentation of the certified payment certificate, our customers will generally honour the certified payment within 30 days.

Similarly, our suppliers are entitled to receive payments for materials and equipment delivered to the site according to the payment terms set out in the supply contract. Our sub-contractors are entitled to receive progress payments with similar terms as us. In order to receive payments, they will also make an application for interim payment and we will verify or inspect the completed work before issuing a certificate. We normally make payment within 30 days from our certification of work done.

5. Practical completion

Generally, there is a practical completion date when our contract works are completed and our customers' agents are satisfied with our work. This date is signified by the issue of a practical completion certificate by the aforesaid agent certifying the work or the project can be handed over to the customer for use or habitation. Upon issuance of the practical completion certificate, 2.5% of the retention sum will be released to us, while the remaining 2.5% will be released to us upon the expiry of the defect liability period.

6. Defect liability period and final completion

The whole contract period normally includes a defect liability period during which we remain responsible for rectifying any defects identified by the customers or their consultants without charge. The defect liability period is generally 24 months after the practical completion date of the project.

There is a final completion date representing the end of the project, which is usually after the issuance of the certificate of completion of making good any defects. Such certificate acknowledges that we have fulfilled our obligation to maintain and make good any defects in relation to the project.

During the Track Record Period, we did not receive any material claims from our customers for defects during the defect liability period.

CONTRACTS OVERVIEW

On-going and completed projects during the Track Record Period and up to the Latest Practicable Date:

The table below sets out details of the movements of the number of on-going and completed projects of our Group during the Track Record Period and up to the Latest Practicable Date:

	FY2014		FP2015		FY2016		1H2017		After Track Record Period and up to the Latest Practicable Date	
	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)	Number of projects	Contract value(2)
		(RM'000)		*(RM'000)*		*(RM'000)*		*(RM'000)*		*(RM'000)*
Opening on-going projects . . .	12	1,135,140	15	1,717,597	42	2,115,661	40	1,984,085	43	2,123,175
Addition of projects through acquisitions of subsidiaries	–	–	20	531,089	–	–	–	–	–	–
New projects awarded . . .	8	694,925	14	205,642	16	131,709	13	233,991	2	222,987
Projects completed(1)	5	112,468	7	338,667	18	263,285	10	94,901	3	199,630
Closing on-going projects . . .	15	1,717,597	42	2,115,661	40	1,984,085	43	2,123,175	42	2,146,532

Notes:

(1) *A project is completed when the certificate of practical completion is issued. Please refer to the paragraph headed "Our Business Process – 5. Practical completion" in this section above for further details.*

(2) *The contract value does not take into account any (i) variation orders issued by our customers after the Latest Practicable Date; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums of work which may or may not be carried out at all but was in the original contract scope of works.*

Projects on hand as at 31 March 2017:

The following table shows a summary of the our construction services projects on hand[1] as at 31 March 2017:

	Number of projects on hand as at 31 March 2017	Range of contract period[2]	Range of remaining contract period[2]	Aggregate contract sum[3]	Revenue recognised[4]	Remaining amount of revenue expected to be recognised after the Track Record Period[5]
		(months)	*(months)*	*(RM'000)*	*(RM'000)*	*(RM'000)*
Construction services						
Building and structures	12	6 to 36 months	1 to 36 months	1,490,768	879,232	611,536
Mechanical and electrical works	10	4 to 36 months	3 to 30 months	266,062	50,548	215,515
Energy transmission and distribution	15	2 to 36 months	1 to 30 months	125,215	17,001	108,214
Earthworks and infrastructure	6	12 to 24 months	1 to 9 months	241,130	202,827	38,303
Total	43	2 to 36 months	1 to 36 months	2,123,175	1,149,608	973,567

Notes:

(1) *Refers to a project in which the certificate of practical completion has not been issued but there has been revenue recognised during the Track Record Period.*

(2) *Based on the above table, the range of contract period for our on-going contracts as at the Latest Practicable Date was between two to 36 months. This period is based on the period stated in the relevant contract but may be subject to change such as due to early completion or any application for extensions. Where there is no expected completion date specified in a contract, the period is based on the best estimation of the management of our Group based on their experience doing similar work.*

(3) *The contract sum does not take into account (i) any variation orders issued by our customers; (ii) sums for sub-contractors nominated by our customers; and (iii) any provisional sums being sums for work which may or may not be carried out at all but was in the original scope of work.*

(4) *Refers to the contract sum recognised till 31 March 2017.*

(5) *This includes the variation orders issued by our customers for on-going contracts which are known to us as at the Latest Practicable Date. This total amount may change based on additional variation orders and the final account agreed between the parties.*

Recent tendering

During the period after the Track Record Period till the Latest Practicable Date, we have submitted 42 new tenders with a total contract sum of RM1,467.7 million.

Given the positive trends and opportunities in the Malaysian construction industry as set out in the section headed "Industry Overview" in this prospectus, our background and experience, and our continuous efforts to seek new tenders as part of our operations, our Directors believe that we will continue to grasp new opportunities for works in the construction industry in Malaysia.

OUR CUSTOMERS

During the Track Record Period, our major customers include leading property developers and a government-linked company. We are included in the vendor lists of some of our major customers, and invited to tender for major construction projects. For FY2014 and FP2015, our largest customer was KAS Engineering, of which we acquired 25.0% interest on 13 July 2012. It has become our wholly-owned subsidiary since 28 September 2015. The aggregate revenue generated from KAS Engineering represented 34.1% and 35.3%, respectively of our total revenue for FY2014 and FP2015. For further details on our acquisition of KAS Engineering, please refer to the sections headed "History, Development and Reorganisation – History and Development – Background and establishment of our Group" and "Business – Our acquisitions during the track record period" in this prospectus. For the three financial years ended 30 September 2016 and 1H2017, aggregate revenue generated from our five largest customers represented 72.7%, 68.6%, 65.0% and 71.8%, respectively of our total revenue.

The tables below set out the particulars of our five largest customers during the Track Record Period.

For FY2014

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during FY2014	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
KAS Engineering Sdn. Bhd.	Concession holder with the Government of Malaysia	Construction of the UiTM Campus	5.5	81,826	34.1	231,873
Sime Darby Ainsdale Development Sdn Bhd[3]	Property developer	Construction of terrace and townhouses	5	27,123	11.3	64,182
D'Pristine Medini Sdn. Bhd.[1]	Property developer	Construction of mixed development	3.5	24,461	10.2	229,051

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during FY2014	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
Kingsley International Sdn. Bhd.(2)	International school	Construction of school buildings	6	23,080	9.6	79,284
Kingsley Hills Sdn. Bhd.(1)	Property developer	Construction of bungalows	6	18,132	7.5	103,528
Total:				**174,622**	**72.7**	**707,918**

For FP2015

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during FP2015	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
KAS Engineering Sdn. Bhd.	Concession holder with the Government of Malaysia	Construction of the UiTM Campus	5.5	150,048	35.3	231,873
D'Pristine Medini Sdn. Bhd.(1)	Property developer	Construction of mixed development	3.5	40,572	9.5	229,051
Kingsley Hills Sdn. Bhd.(1)	Property developer	Construction of bungalows	6	39,432	9.3	103,528
Sime Darby Ainsdale Development Sdn Bhd(3)	Property developer	Construction of terrace and townhouses	5	35,286	8.3	64,182
B&G Superb Property Sdn. Bhd.(1)	Property developer	Construction of service apartments	4.5	26,414	6.2	153,750
Total:				**291,752**	**68.6**	**782,384**

For FY2016

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during FY2016	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Main contractor	Construction, earthworks and energy transmission and distribution	6	120,356	23.3	182,619
D'Pristine Medini Sdn. Bhd.(1)	Property developer	Construction of mixed development	3.5	82,352	15.9	229,051
B&G Superb Property Sdn. Bhd.(1)	Property developer	Construction of serviced apartment	4.5	61,857	12.0	153,750
Sime Darby Melawati Development Sdn Bhd(3)	Property developer	Construction of high-rise buildings	4	35,856	6.9	90,188
Sime Darby Sungai Kantan Development Sdn Bhd(3)	Property developer	Construction of low-rise buildings	5	35,734	6.9	75,991
Total:				**336,155**	**65.0**	**731,599**

For 1H2017

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during 1H2017	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
D'Pristine Medini Sdn. Bhd.(1)	Property developer	Construction of mixed development	3.5	81,666	22.7	229,051

Customer	Customer profile	Types of services rendered	Approximate years of customer relationship as at the Latest Practicable Date	Amount of revenue attributable during 1H2017	Percentage of revenue attributable	Amount of revenue attributable during TRP
				(RM'000)	*(%)*	*(RM'000)*
Idiqa Holding Sdn. Bhd.	Main contractor	Construction, earthworks and energy transmission and distribution	6	61,821	17.2	182,619
B&G Superb Property Sdn. Bhd.[(1)]	Property developer	Construction of serviced apartments	4.5	55,517	15.5	153,750
Sime Darby Melawati Development Sdn Bhd[(3)]	Property developer	Construction of high-rise buildings	4	31,696	8.8	90,188
Kingsley Hills Sdn. Bhd.[(1)]	Property developer	Construction of bungalows	6	27,144	7.6	103,528
Total:				**257,844**	**71.8**	**759,136**

Notes:

(1) *Wholly-owned by B&G Capital.*

(2) *83% owned by Tan Sri Barry Goh.*

(3) *A subsidiary of the Sime Darby Group.*

B&G Capital is a majority-controlled company of Dato' Danny Goh, the brother of our Controlling Shareholder, Tan Sri Barry Goh. D'Pristine Medini Sdn. Bhd., Kingsley Hills Sdn. Bhd. and B&G Superb Property Sdn. Bhd. are subsidiaries of B&G Capital. Each of B&G Capital, D'Pristine Medini Sdn. Bhd., Kingsley Hills Sdn. Bhd. and B&G Superb Property Sdn. Bhd. is therefore an associate of Tan Sri Barry Goh and thus a connected person of our Company. Kingsley International Sdn. Bhd. is controlled as to 83% by Tan Sri Barry Goh and is a connected person of our Company. For the total values of services provided by us to the aforementioned customers during the Track Record Period, please refer to the section headed "Connected Transactions – Continuing Connected Transactions" in this prospectus for further details. Except as disclosed herein, none of our Directors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company as at the Latest Practicable Date has any interest in any of the five largest customers of our Group during the Track Record Period.

Our Directors confirm that the terms of the contracts we entered into with our connected customers are fair and reasonable, and are on terms which are comparable to those with our customers which are Independent Third Parties. Also, such contracts with our connected customers were signed during the Track Record Period in relation to construction projects which are non-recurring. Furthermore, we believe, to the best of our Directors' knowledge, that our quotations are considered by our connected customers independently based on the terms and merits of our quotations submitted to them.

The table below sets out the percentage proportion of the Group's revenue and net profit attributable to transactions with connected persons and KAS Engineering, an associate of our Group during FY2014 an FP2015, during the Track Record Period:

	Revenue and net profit contribution from transactions with connected persons		Revenue and net profit contribution from transactions with connected persons and KAS Engineering	
	Revenue (%)	**Net Profit[(1)] (%)**	**Revenue (%)**	**Net Profit[(1)] (%)**
FY2014	31.5	48.9	65.6	57.4
FP2015	30.3	24.1	65.6	29.5
FY2016	37.1	37.2	37.1	37.2
1H2017	47.4	45.7	47.4	45.7

Note:

(1) *The net profits for transactions with connected persons and KAS Engineering are for illustrative purposes only. The net profits are calculated based on allocation of certain administrative expenses including salaries and depreciation and finance costs to the relevant projects.*

Going forward, we intend to diversify our customer base by obtaining projects from new customers. Please refer to the paragraph headed "Our Strategies – Increase our market share in the construction industry in Malaysia and overseas" in this section above for further details. During the Track Record Period, the Group had successfully diversified its customer base to include more Independent Third Party customers. Transactions with connected persons only accounted for less than 38% of the Group's revenue for each of FY2014, FP2015 and FY2016. In particular, revenue contribution from Independent Third Parties (excluding transactions with connected persons and KAS Engineering) had increased from 34.4% or RM82.7 million in FY2014 to 62.9% or RM325.2 million in FY2016 and net profit contribution from Independent Third Parties had increased from 42.6% or RM3.1 million in FY2014 to 62.8% or RM40.8 million in FY2016. In fact, the Group had already had a strong customer base of Independent Third Party customers including government-linked companies and property developers in Malaysia during FY2014 and FP2015, which was further diversified in FY2016.

Moreover, during IH2017, the Group has signed a total of 13 contracts with Independent Third Parties with a total contract value of RM234.0 million, comprising four contracts for building and structural construction works with a total contract value of RM124.8 million, one contract for mechanical and electrical engineering works with a contract value of RM35.2 million, one contract for earthworks and infrastructure construction works with a contract value of RM2.4 million and seven contracts for energy and transmission works with a total contract value of RM71.6 million. Based on the foregoing, we do not consider that there is any over-reliance on customers which are connected persons of our Company.

We have maintained a good business relationship with our five largest customers for an average of over three years. Our Directors confirmed that there was no termination of major contracts nor material default by our customers during the Track Record Period and up to the Latest Practicable Date.

Major customers who are also our suppliers and vice versa

During the Track Record Period, two of our ten largest customers, Idiqa Holding Sdn. Bhd. and Bras Venture Sdn Bhd are also our suppliers which supplied us with construction materials, as they are able to supply such materials at a more advantageous price through bulk purchase arrangements with the manufacturers. Further, one of our five largest suppliers, Correct Lifestyle Sdn. Bhd., is a subsidiary of B&G Capital, and B&G Capital is also one of our five largest customers through its subsidiaries D'Pristine Medini Sdn. Bhd., Kingsley Hills Sdn. Bhd. and B&G Superb Property Sdn. Bhd. We provide construction services to B&G Capital and obtain our supply of construction materials (which includes but not limited to kitchenware, tiles, sanitary wares) for the same reason that it is able to supply such materials at a more advantageous price through bulk purchase arrangements with the manufacturers.

As disclosed earlier in this section, B&G Capital is a connected person of our Company. Our Directors confirm that the terms of the contracts we entered into with B&G Capital are fair and reasonable, and are on terms which are comparable to those with our customers and suppliers which are Independent Third Parties. To the best knowledge and belief of our Directors, Idiqa Holding Sdn. Bhd., Bras Venture Sdn Bhd and their ultimate beneficial owners are Independent Third Parties, and that the terms of our transactions with Idiqa Holding Sdn. Bhd. and Bras Venture Sdn Bhd are in line with the market and similar to those transactions with our other customers and suppliers.

The following table sets out the revenue contribution from and gross profit of Idiqa Holding Sdn. Bhd., Bras Venture Sdn Bhd and B&G Capital and costs of construction materials supplied to our Group during the Track Record Period:

	FY2014	FP2015	FY2016	1H2017
Idiqa Holding Sdn. Bhd.				
Revenue as a percentage of our total revenue	-	0.1%	23.3%	17.2%
Gross profit (RM'000)	-	90	13,587	9,805
Purchase from Idiqa Holding Sdn. Bhd. as a percentage of our total cost of sales	-	0.1%	0.2%	1.0%
Bras Venture Sdn Bhd				
Revenue as a percentage of our total revenue	-	-	2.3%	4.5%
Gross profit (RM'000)	-	-	2,108	2,484
Purchase from Bras Venture Sdn Bhd as a percentage of our total cost of sales	-	-	-	2.3%
B&G Capital				
Revenue as a percentage of our total revenue	21.9%	25.0%	31.4%	46.1%
Gross profit (RM'000)	4,858	10,097	36,839	25,323
Purchase from B&G Capital as a percentage of our total cost of sales	-	-	1.3%	2.5%

General terms of contracts with customers

The general terms of contracts may vary based on negotiations with our customers but generally follow the form set out in our tenders. The major contracts terms are summarised below.

Contract period and termination

Our contracts range between two to 40 months but may be subject to further extension. Generally, our contracts provide both parties the right to termination in specific circumstances. Our customers generally have grounds to terminate the contract if we (i) without reasonable cause abandon or suspend the contracted works; (ii) fail to proceed with the contract work diligently; (iii) fail to comply with the written notices or orders issued by the agents of the customer; (iv) become bankrupt or go into liquidation or a petition has been filed for our bankruptcy; or (v) make a general assignment, composition or arrangement for the benefit of creditors. We generally are entitled to terminate the contract if the customer (i) fails to remedy within a specified period of time a material breach of the contract including failure to pay us for any certified sum within the period specified; (ii) becomes bankrupt or goes into liquidation or a petition has been filed for their bankruptcy; or (iii) makes a general assignment, composition or arrangement for the benefit of creditors.

Scope of services and resource allocation

The contracts generally include specification as to the scope of services and may include relevant specifications and requirements to be complied with. The contract may also include the number of technical staff to be allocated to the project.

Payment terms and progress payment

The service contract will set out the contract amount chargeable by us (including circumstances for adjustment) and the payment terms. The contract amount chargeable is generally a fixed price contract sum with any clear price adjustment mechanism such as variation orders depending on the addition or omission of works relating to each specific construction project. In circumstances where we have offered value engineering services, there will generally be price adjustments to the contract price based on the cost savings achieved by value engineering. Such services and price adjustments will be confirmed by the customer and its consultants.

We are generally entitled to make an application for progress payments for completed works of the current month and we make such applications on a monthly basis which will be submitted to the agents of our customers generally at the end of each current month. This payment is subject to satisfaction of the inspection and assessment by agents of our customers and the issuance of a certificate. In practise, this certification process generally takes around 14 days. Upon presentation of the certified payment certificate, our customers generally honour the certified payment within 30 days.

During the Track Record Period, all revenue from our services was denominated in Malaysian Ringgit. Generally, the payment method is by cheque or bank transfer.

Retention monies

Customers are generally entitled to hold retention money from the progress payment. In our experience and during the Track Record Period, our customers generally hold 5% of the contract sum as retention money. However, they will normally release (i) 50% of the retention money upon completion of the project; and (ii) the remaining 50% of the retention money upon the end of the defect liability period, subject to the customer being satisfied with the completed work. For the three financial years ended 30 September 2016 and 1H2017, retention money of approximately RM14.4 million, RM28.8 million, RM39.1 million and RM59.2 million was retained by our customers, respectively.

Defect liability period

We are generally responsible during a specified defect liability period for rectifying all defects concerning poor workmanship and poor product quality for the project. This period is normally 24 months from the practical completion of the project. As set out in the paragraph headed "Our Suppliers and Sub-contractors – Major terms of sub-contracting agreement" in this section below, we generally require a similar defect liability period from our sub-contractors.

Performance bonds

In order to secure proper performance, customers will generally require that we provide them with a performance bond issued by a bank or insurance company in favour of the customer.

For some projects, the performance bond is generally required to be provided within one month after a tender is awarded to us. If this bond is not provided, the customer may retain an aggregate amount equal to such bond amount from our progress payment.

During the Track Record Period, the amounts of performance bonds required are generally 5% of the contract sum. Such bonds are generally released upon final completion of the relevant service contract. Given that such bonds were issued by our bank in favour of the relevant customers, we do not recognise any liabilities on our consolidated statements of financial position until such bonds are deducted by our customers due to breaches of contract terms, as our Company confirmed that during the Track Record Period, there was no bond call action taken by our customers due to breach of contracts. We are generally required to provide a counter-indemnity to the bank or insurance company that issues such performance bonds for us to our customers in relation to the contract.

Liquidated damages provisions

We may be required to pay liquidated damages to our customers if we do not perform our contracts in a timely manner. Under the terms of the contract, we may be required to pay liquidated damages with reference to a fixed rate or formula determined in the contract usually taking into account the delay in the completion of the project on a daily basis.

Our Company confirmed that during the Track Record Period and up to the Latest Practicable Date, our Directors are not aware of any material delays in the current projects, which are expected to result in liquidated damages being imposed on us.

SALES AND MARKETING

Due to the well-established relationships with our existing customers, our long operating history in Malaysia and the common use of tendering in the industry, we are able to rely on our existing customer base, track record and branding, as well as awareness of public tenders to market our strengths to our customers. Through our qualification as registered contractors on the vendor lists of some of our customers, we obtain the opportunities to bid for tenders for construction projects.

SEASONALITY

We have not experienced material seasonal fluctuations in our revenue given that our industry is generally not subject to seasonality.

COST CONTROLS AND CREDIT MANAGEMENT

Due to our substantial experience in the industry, we are able to take into account potential changes in costs in our estimated fee during the tender process rather than adjusting our fees on an ad-hoc basis after such increases. Generally, we employ a system to control the costs of our projects and avoid situations of cost overrun which consists of the following measures:

(i) during the project identification and tender stage, we sometimes offer value engineering services to improve efficiency so as to lower construction costs;

(ii) during our selection of sub-contractors, we take into account factors including price and cost comparisons to implement cost controls;

(iii) we utilise our online procurement system which allows us to acquire quotations and make comparisons efficiently from a list of suppliers when purchasing building materials;

(iv) we plan punctual delivery times for the delivery of necessary building materials to the project site as and when they are required in order to minimise wastages; and

(v) for every additional works carried out at the project site, the project manager and contract executive will record all details to ensure that we will receive payment for the additional work done during the process of finalising the contract account.

During the Track Record Period, we generally grant to our customers a credit period of 30 days. For the three financial years ended 2016 and 1H2017, our trade receivable turnover days were 81 days, 84 days, 56 days and 23 days, respectively. Please refer to the section headed "Financial Information – Description of Selected Items of Consolidated Statements of Financial Position – Trade and other receivables, deposits and prepayments" for details.

OUR SUPPLIERS AND SUB-CONTRACTORS

Suppliers

Our suppliers include suppliers of construction materials and equipment (such as concrete, steel bars, soil, sand, cables, switch gears and earthworks machineries). Most of our suppliers of construction materials are sourced from Malaysia. Correct Lifestyle Sdn. Bhd., is a subsidiary of B&G Capital, and B&G Capital is also one of our five largest customers and a connected person of our Company. Please refer to the section entitled "Business – Our customers – Major customers who are also our suppliers and vice versa" of this prospectus for further details. Save as disclosed, our five largest suppliers during the Track Record Period are all Independent Third Parties. For the three financial years ended 30 September 2016 and 1H2017, our five largest suppliers accounted for approximately 32.0%, 36.9%, 34.7% and 36.8% respectively of the total purchases from all suppliers, while the largest supplier accounted for 8.0%, 11.0%, 10.6% and 12.5% respectively of the total purchases from all suppliers.

The tables below set out the particulars of our five largest suppliers during the Track Record Period:

For FY2014

Name	**Principal business**	**Approximate years of supplier relationship as at the Latest Practicable Date**	**Purchased amount**	**Percentage of purchased costs**	**Services or products supplied**
			(RM'000)	*(%)*	
Supplier A	Letting of machinery	5.5	3,235	8.0	Rental of earthworks machineries
Supplier B	Supply of construction materials	4	3,077	7.5	Concrete
Eng Meng Metal Sdn. Bhd.	Supply of construction materials	5.5	2,484	6.1	Steel bar
Supplier D	Supply of construction materials	2.5	2,207	5.4	Door frame and scaffolding
Supplier E	Supply of petroleum and petroleum-related products	4	2,020	5.0	Diesel
Total:			**13,023**	**32.0**	

For FP2015

Name	Principal business	Approximate years of supplier relationship as at the Latest Practicable Date	Purchased amount	Percentage of purchased costs	Services or products supplied
			(RM'000)	*(%)*	
Supplier K	Letting of machineries	4.5	7,910	11.0	Rental of earthworks machinery
Eng Meng Metal Sdn. Bhd.	Supply of construction materials	5.5	5,901	8.2	Steel bar
Build Trade Marketing	Supply of construction materials	3.5	4,767	6.6	Steel bar
Supplier D	Supply of construction materials	2.5	4,086	5.7	Door frame and scaffolding
Supplier G	Supply of construction materials and hardware	3	3,887	5.4	Steel bar
Total:			**26,551**	**36.9**	

For FY2016

Name	Principal business	Approximate years of supplier relationship as at the Latest practicable Date	Purchased amount	Percentage of purchased costs	Services or products supplied
			(RM'000)	*(%)*	
Supplier K	Letting of lorries and machineries	4.5	15,982	10.6	Rental of earthworks machinery
Yick Hoe Ferrous Steel Sdn. Bhd.	Supply of carbon steel products	2.5	10,478	6.9	Steel bar
Build Trade Marketing	Supply of construction materials	3.5	8,969	5.9	Steel bar
Supplier I	Supply of construction materials, including soil and sand	2.5	8,608	5.7	Soil and sand
Supplier J	Supply of construction materials, including concrete	2.5	8,549	5.6	Ready mix concrete
Total:			**52,586**	**34.7**	

For IH2017

Name	Principal business	Approximate years of supplier relationship as at the Latest practicable Date	Purchased amount	Percentage of purchased costs	Services or products supplied
			(RM'000)	*(%)*	
Supplier K	Hiring of machineries	4.5	11,636	12.5	Rental of earthwork machinery
Correct Lifestyle Sdn Bhd[(1)]	Supply of sanitary fittings, tiles and kitchen cabinet	1.5	7,362	7.9	Sanitary fittings, tiles and kitchen cabinet
Bras Ventures Berhad	Supply of pipe and cable	2.5	6,718	7.2	Pipe and cable
Yick Hoe Ferrous Steel Sdn. Bhd.	Supply of carbon steel products	2.5	4,458	4.8	Steel bar
Supplier N	Supply of diesel	2.5	4,071	4.4	Diesel
Total:			**34,245**	**36.8**	

Note:

(1) A subsidiary of B&G Capital.

In accordance with general industry practise, we generally maintain multiple suppliers for services and products to avoid over-reliance on particular suppliers, and to have a selection pool of suppliers who are located close to the project sites to reduce transportation costs and improve the cost effectiveness of our projects. We did not experience any material difficulties in sourcing our construction materials nor material shortage or delay in supplies during the Track Record Period.

No long term contracts had been entered into between our Group and our top five suppliers during the Track Record Period. We have maintained good business relationships with our five largest suppliers during the Track Record Period, ranging from one to five years. In particular, we have established a long-standing supplier relationship of over four years with our largest supplier for FP2015 and FY2016. Our Directors confirmed that we did not have any significant disputes with any of our five largest suppliers during the Track Record Period.

None of our Directors, their respective associates or Shareholders who own more than 5% of the issued share capital of our Company as at the Latest Practicable Date has any interest in any of our five largest suppliers during the Track Record Period.

During the Track Record Period, our purchases were all settled in Malaysian Ringgit and most of them were settled by letter of credit or cheques. Credit terms offered by our suppliers range from being due on presentation of invoice up to a period generally not more than 90 days after delivery of goods or performance of services.

Sub-contractors

For the three financial years ended 30 September 2016 and 1H2017, sub-contracting costs attributable to our five largest sub-contractors, collectively accounted for 79.8%, 65.3%, 23.1% and 24.8% of our total sub-contracting costs, respectively. Our largest sub-contractor for FY2014 and FP2015, a subsidiary of the MCT Group, accounted for approximately 55.1% and 56.7% of our total sub-contracting costs, respectively. For further details of the MCT Group, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus. The reason for the decrease in sub-contracting costs paid to our largest sub-contractors for FY2016 is mainly due to the completion of the sub-contracted construction works of the UiTM Campus in November 2015.

The tables below set out the particulars of our five largest sub-contractors during the Track Record Period:

For FY2014

Sub-contractor	Principal business	Approximate years of sub-contractor relationship as at the Latest Practicable Date	Sub-contracting costs	Percentage of total sub-contracting costs	Services sourced
			(RM'000)	*(%)*	
Modular Construction Technology Sdn. Bhd.	Construction services provider	4.5	80,129	55.1	Structure works for construction of the UiTM Campus
Geo Works Sdn. Bhd.	Piling and foundation works contractor	3.5	23,294	16.0	Piling works
Built-Master Engineering	Mechanical and electrical engineering services provider	4	5,695	3.9	Mechanical and electrical works
Wintech Plumping Sdn. Bhd.	Plumbing works contractor	4	4,351	3.0	Plumbing works
Sub-contractor E	Air-conditioning and general engineering services provider	2	2,643	1.8	Installation of air-conditioning ventilation system
Total:			**116,114**	**79.8**	

For FP2015

Sub-contractor	Principal business	Approximate years of sub-contractor relationship as at the Latest Practicable Date	Sub-contracting costs	Percentage of total sub-contracting costs	Services sourced
			(RM'000)	*(%)*	
Modular Construction Technology Sdn. Bhd.	Construction services provider	4.5	147,546	56.7	Structure works for construction of the UiTM Campus
Sub-contractor F	Civil engineering services and related materials provider	3	7,414	2.8	Piling and slope strengthening works
Zhonghe Huaxing Development (M) Sdn. Bhd.	Provision of structure work	3.5	5,647	2.2	Structure works
Sub-contractor H	Rock blasting works contractor	4.5	4,996	1.9	Earthworks
Sub-contractor L	Building and earthwork contractor and sub-contractor	2.5	4,351	1.7	Piling works
Total:			**169,954**	**65.3**	

For FY2016

Sub-contractor	Principal business	Approximate years of sub-contractor relationship as at the Latest Practicable Date	Sub-contracting cost	Percentage of total sub-contracting cost	Services sourced
			(RM'000)	*(%)*	
Zhonghe Huaxing Development (M) Sdn. Bhd.	Provision of structure work	3.5	10,360	6.2	Structure works
Sub-contractor I	Rock blasting works contractor	2.5	10,155	6.1	Rock blasting works
Sub-contractor H	Rock blasting works contractor	4.5	7,340	4.4	Earth works
Semon Bina	Construction works contractor	3	5,537	3.3	Structure works
Ecobina Structure Builders	Provision of structure work	4	5,161	3.1	Structure works
Total:			**38,553**	**23.1**	

For IH2017

Sub-contractor	Principal business	Approximate years of sub-contractor relationship as at the Latest Practicable Date	Sub-contracting cost	Percentage of total sub-contracting costs	Services sourced
			(RM'000)	*(%)*	
Zhonghe Huaxing Development (M) Sdn. Bhd.	Provision of structure work	3.5	8,619	6.6	Structure works
Wintech Plumping Sdn. Bhd.	Plumbing works contractor	4	7,349	5.6	Plumbing works
Exa Power Sdn. Bhd.	Electrical works	2	6,318	4.8	Electrical works
Sub-contractor K	Aluminium works	1.5	5,158	3.9	Aluminium works
Sub-contractor M	Underground cable works	1.5	5,146	3.9	Cable works
Total:			**32,590**	**24.8**	

Reasons for sub-contracting

Due primarily to the specialisation of sub-contractors and the cost effectiveness of engaging sub-contractors, we rely on sub-contractors in completing the works for projects instead of relying on our full-time employees.

In view of (i) the common use of sub-contractors in the construction industry; and (ii) the cost advantages of not maintaining an excess number of permanent staff for one-off projects or an in-house team when specific expertise may be required, we expect to continue engaging sub-contractors. We select our sub-contractors based on their expertise, track record and past performance. We will only select sub-contractors who possess the relevant licences or required qualifications in their field of expertise for the various works they perform. During the Track Record Period, we did not experience any difficulty in procuring services from our sub-contractors. As far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material claims from our customers in respect of the quality of services performed by our sub-contractors.

Sub-contracting risks

Pursuant to either the contracts with our customers or applicable laws, we generally remain liable to our customers for poor performance of our sub-contractors. We may also be liable under applicable safety regulations if our sub-contractors do not ensure that their employees comply fully with our workplace safety measures.

Additionally, we are also generally liable for any potential employee compensation claims and personal injuries claims made by the employees of our sub-contractors arising from works injuries which may happen during the course of the projects where we assign works to such sub-contractor. In accordance with common industry practise, we have maintained insurance policies to fully cover personal injuries and third party damages. As far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any material employee compensation claims or personal injuries claims from employees of our sub-contractors.

Management of sub-contractors to minimise risks

Given the above risks, we are careful in selecting and engaging sub-contractors on our list of approved sub-contractors for our projects. We supply our sub-contractors with our safety manuals on workplace safety, organise relevant safety training and implemented other quality and workplace safety measures as detailed in the paragraphs headed “Quality Management System” and “Workplace Safety” in this section. Our on-site project management team also regularly monitors the site and have regular meetings with our Directors and senior management during the course of a project to discuss major issues concerning work progress and, ensures the quality of work and compliance with relevant safety and environmental protection measures by our sub-contractors and their employees.

During the Track Record Period, we had not experienced any significant disruption in the provision of works by our sub-contractors. We have maintained long-standing business relationships of approximately three years on average with our five largest sub-contractors. In particular, we have established long-standing business relationship with our largest sub-contractor during the Track Record Period for approximately six years. We have not entered into any long term agreement with our sub-contractors, as we usually enter into sub-contracting contracts on a project basis which cover the contract period for the relevant project.

Certain of our sub-contractors during the Track Record Period are associates of our Directors. For the sub-contracting costs paid to such connected sub-contractors during the Track Record Period, please refer to the section headed "Connected Transactions – Continuing Connected Transactions" in this prospectus for further details. Except as disclosed herein and to the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders owning more than 5% of the issued share capital of our Company as at the Latest Practicable Date had any interest in our sub-contractors during the Track Record Period.

Criteria for selecting suppliers and sub-contractors

We are careful in choosing our suppliers and maintain a list of approved suppliers and sub-contractors which is updated from time to time. As at the Latest Practicable Date, our list of approved suppliers had 600 suppliers of materials and equipment and 171 sub-contractors. At least once a year, we will review the current list and consider whether any should be removed or replaced based on the quality of their products or their job performance during the year.

To ensure the quality of our services and except if certain suppliers or sub-contractors are designated by our customer for the project, we refer to the following when selecting a supplier or a sub-contractor for our projects: (i) safety performance; (ii) quality of materials and workmanship; (iii) punctual delivery and service; (iv) product availability; (v) promptness in following up on orders or replacement service; and (vi) promptness in corrective action.

Major terms of sub-contracting agreement

The contractual terms and engagement period with our sub-contractors vary in accordance with the main contracts with our customers. The following sets out principal terms and conditions in our contracts with sub-contractors:

- sub-contracting fee which is generally determined based on among other things, our tender price, our cost estimation, the complexity of the works and project and the duration of the project.
- defect liability period where in general, the sub-contractor shall be responsible for any defects for a period of 12 or 24 months upon completion of the sub-contracting works.
- liquidated and ascertained damages ("**LAD**"), where, in the event the sub-contractor fails to complete the sub-contracting works within the stipulated time, LAD of a specific amount depending on the contract sum is imposed on the sub-contractor until completion.
- retention of 5% on all interim payments of the sub-contracting fees, which will be released only upon approval of all works completed to the satisfaction of the main contract. 2.5% of the sub-contracting fees shall be released upon completion of the sub-contracting works, while the remaining 2.5% shall be released at the end of the sixth month of the defect liability period.
- rights and obligations of the parties.
- deduction of costs of material and equipment from the sub-contracting fee.
- scope of works for the sub-contractor.

- prohibiting further assignment or sub-contracting of works without our permission.
- sub-contractor's obligation of maintaining works in good repair and condition.
- termination clauses whereby we may terminate the sub-contracting agreement forthwith (i) without cause by giving written notice to the sub-contractor such that the sub-contractor will be entitled to remuneration for works already done; or (ii) with cause by giving notice to the sub-contractor such that we will reserve the rights to seek for remedies.

Materials, equipment and machineries

The major raw materials used by us are concrete, steel bars, cement and sand, which are generally sourced from Malaysia suppliers. Depending on the requirements of the project, we may purchase raw materials and purchase or lease equipment for our use. Before making any purchases, we will take into account factors such as the relevant market price, payment terms, the location of the supplier and the delivery time frame of the suppliers. Our on-site personnel will ascertain the quality of the raw materials delivered. We perform stringent laboratory tests on certain building materials such as steel bars and concrete before being used on-site.

In certain cases, we may be responsible instead of our sub-contractors for purchasing materials for their use. The amount and timing of materials to be ordered during the project implementation stage is assessed by our project management team on a project-by-project basis, depending on the progress of works and specific requirements of each project. We arrange for delivery of materials to the project site and are able to avoid risk of damage while in storage as well as storage costs. Furthermore, this means we carry no inventories of materials.

For the three financial years ended 30 September 2016 and 1H2017, the costs of raw materials amounted to RM40.7 million, RM72.1 million, RM151.4 million and RM93.2 million, respectively, representing 18.3%, 18.5%, 36.7% and 31.8% of our total cost of sales, respectively. For a sensitivity analysis in relation to the costs of raw materials, please refer to the section headed "Financial Information – Description of Selected Items in Consolidated Statements of Profit or Loss and Other Comprehensive Income – Cost of sales" in this prospectus.

We possess our own machinery and site equipment for performing different types of construction work. The below table summarises the number, type, unit cost, useful life and remaining life of major types of machineries on hand as at 31 March 2017:

Type	Number	Unit cost (in RM)	Useful life	Remaining life
Aluminium formwork	15	ranging from RM1,000 to RM2.9 million	10 years	9 to 10 years
Concreting	23	ranging from RM4,000 to RM0.8 million	5 to 10 years	1 to 10 years
Earthmoving	27	ranging from RM1,000 to RM1.4 million	5 to 10 years	1 to 10 years
Generators	3	ranging from RM2,000 to RM4,200	5 years	3 years
Lifting, hoisting and transporting	30	ranging from RM1,000 to RM3.9 million	5 to 10 years	1 to 10 years
Surveying	5	ranging from RM1,000 to RM37,000	10 years	6 to 9 years

As at 31 March 2017, our machinery and site equipment had a total net book value of RM32.4 million.

QUALITY MANAGEMENT SYSTEM

Our quality management system

We endeavour to maintain a high standard of quality management, environmental management and occupational health and safety control during the course of project implementation. We have established a high standard of quality management system in accordance with the requirements of the ISO 9001:2015 standards. Further, three of our completed projects which were assessed during the Track Record Period were awarded a QLASSIC score of above 80.0% in recognition of the high quality of our workmanship. Our Directors believe that an effective quality, environmental, occupational health and safety management system will ensure the high quality of our works, prevent the occurrence of industrial accidents and reduce construction risks, thereby enhancing our customers' confidence in our services and creating a positive corporate image. For some of our customers and potential customers, compliance with workplace safety is one of the assessment criteria in the selection of construction service providers, and our Directors believe that a proven track record of compliance and an effective management system will increase our chances in obtaining or winning future contracts.

Our relevant project management team comprising our project manager and site manager is responsible for the quality control of each project. To ensure our works meet the required standards, we normally assign a site manager at each of the construction sites. Such site manager is responsible for monitoring the quality of works carried out by our sub-contractors. Our project managers are responsible for monitoring progress and quality of works and ensuring that works are completed according to schedule. Furthermore, our project management team communicates frequently with and reports to our project director and chief executive officer to ensure that the works (i) meet our customers' requirements; (ii) are completed within the time stipulated in the contract and the budget allocated for the project; and (iii) comply with all relevant laws and regulations applicable to the works.

Some of the quality control measures under our quality management system include:

- ensuring sufficient planning prior to project implementation to ensure that quality standards and procedures are adhered to and that the works completed will be of satisfactory quality;

- maintaining a list of approved suppliers and sub-contractors and only engaging those on this list for our projects to ensure the quality of materials and services used. We also select our suppliers and sub-contractors based on certain factors. Please refer to the paragraph headed "Our Suppliers and Sub-contractors – Criteria for selecting suppliers and sub-contractors" in this section above for further details;

- establishing rules and procedures for inspection of incoming raw materials. In order to ensure that the raw materials meet our project requirements, technical specifications and quality standards, we check and inspect the raw materials based on the raw material requirements plan prepared by the project management team. Raw materials that are defective or do not meet our requirements, specifications or standards will be returned to suppliers;

- conducting an internal audit on the quality management system on an annual basis for the purpose of assessing the extent to which the quality objectives have been achieved and ascertaining the degree of compliance with ISO 9001:2015 standard for quality management. An external audit conducted by independent third party auditors is also conducted on our quality management system on an annual basis; and
- maintaining records such as inspection and test records, submissions, approvals and certificates of completion.

QLASSIC assessments

QLASSIC is developed by CIDB. It is a quality assessment system to assess and evaluate the quality of workmanship of a building project based on the approved standard. As such, QLASSIC acts as a benchmark for contractors to achieve and maintain the quality of workmanship. The QLASSIC assessments can only be undertaken by assessors certified by CIDB.

The following table sets out the projects with QLASSIC score above 80.0% undertaken by our Group that were assessed under the QLASSIC assessment:

No.	Project name	Type of project	Developer	Role	QLASSIC score	Date of review
1	Ensemble, The Glades	56 units of courtyard villa	Sime Darby Group	Building Main Contractor	81%	18 July 2014
2	The Brymwood	26 units of semi-detached house	Sime Darby Group	Building Main Contractor	83%	3 March 2015
3	Phase 1A, Bandar Ainsdale	185 units of town house and double-storey terrace house	Sime Darby Group	Building Main Contractor	83%	16 May 2016

WORKPLACE SAFETY

Our safety management system

We are committed to providing a safe and healthy working environment for both our employees and employees of our sub-contractors and we treat their safety as a matter of the highest priority. Our safety management system therefore involves not only identification of risks in different types of works to reduce the risk levels, but also to provide information, instruction and, training and supervision to enhance awareness of hazards, safe practises and improve emergency preparedness.

Based on the latest available public information from the website of Department of Occupational Safety and Health, Ministry of Human Resources, the following table sets out the occurrence of occupational accidents in the construction industry in Malaysia for the periods stated:

Occupational accidents in the construction industry in Malaysia

	Number of reported occupational accidents		
Category of occupational accidents	**January— December 2014**	**January— December 2015**	**January— December 2016**
Death	72	88	106
Permanent disability	6	11	6
Non permanent disability	94	138	135

Source: Department of Occupational Safety and Health, Ministry of Human Resources

In comparison, there were no occupational accidents involving death, permanent disability and non permanent disability within our Group during the Track Record Period.

The following table sets out our Group's lost time injuries during the Track Record Period:

	FY2014	FY2015	FY2016	1H2017
Lost time injuries(1)(2)	0.47	–	0.34	0.41

Our safety plan adopted and used during the Track Record Period sets out work safety measures to prevent common accidents which could happen at construction sites. Details of our safety plan are set out below:

- safety policies, objectives and records are documented, maintained and displayed in the sites and offices;

- the safety officer will prepare a project safety plan at the commencement of the project. He will identify any risks and hazards relating to work activities and prescribe measures to mitigate the identified risks. We will establish a site safety committee comprising representatives from our Group and sub-contractors to review the effectiveness of the project safety plan, analyse the potential accidents at the site, monitor safety issues at the site and look into the welfare of the workers. Monthly meetings will be held by the site safety committee to discuss safety issues;

- special safety briefings for workers engaged in hazardous tasks, especially in relation to the use of personal protective equipment;

- all personnel as well as the sub-contractors and their workers are required to follow the general safety rules and the safety policies and measures adopted by the Group. They are required to receive site safety induction training before they commence working on site, and have to attend weekly tool box meetings with briefings on health and safety issues; and

- site inspections and visits are carried out by the CIDB Safety Health Assessment System In Construction (SHASSIC) and the Malaysian Occupational, Safety and Health Practitioner Association (MOSHPA) to ensure compliance with statutory provisions by all workers including sub-contractors' employees.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material accidents[3] involving our employees or our sub-contractors (including their employees) nor any fatalities in construction sites under our management and supervision. To the best of our Directors' knowledge and belief, we have not suffered from any removal, suspension, downgrading or demotion of our qualifications or licences due to accidents or breaches of workplace safety regulations.

Notes:

(1) *Lost time injuries frequency rate represents the number of lost time injuries (i.e. an occurrence that resulted in a fatality, permanent disability or time lost from work of more than four days) per one million man-hours worked. It is calculated as the number of lost time injuries during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000.*

(2) *Refers to lost time injuries applicable to projects in which we act as the main contractor.*

(3) *Material accidents refer to accidents of a nature such that we incur losses or liabilities which would cause a material adverse effect on our business operations and financial conditions.*

ENVIRONMENTAL PROTECTION AND COMPLIANCE

Compliance with environmental laws and regulations

We are environmentally aware and are committed to our corporate responsibility to our society. We ensure that environmental compliance and protection measures are properly implemented for our projects.

Besides our own corporate responsibility, our Group is required to comply with the laws and regulations in relation to environmental protection in Malaysia, including the Environmental Quality Act 1974. For further details, please refer to the section headed “Laws and Regulations” in this prospectus. Possible breach of the aforesaid environmental laws and regulations may lead to a penalty or fine by the relevant government authorities or even termination of works. Given our substantial experience in the industry and our established operation workflow which includes preliminary site visits by staff to determine possible environmental compliance issues, we have been able to address such environmental compliance issues.

During the Track Record Period and as at the Latest Practicable Date, to the best knowledge of our Directors, we were in compliance with applicable environmental laws and regulations in all material respects.

INSURANCE

We generally have insurance over office employees’ compensation insurance and construction projects. In relation to our projects in Malaysia and in line with industry practise, when we serve as main contractor, we will generally purchase workmen compensation insurance and contractor’s all risks insurance for the entire project. To minimise the risks of under-insurance, our Group reviews our insurance policies on a regular basis to ensure that there is adequate coverage on our assets, employees and construction projects with the relevant insurance policies such as contractors’ all risk insurance, fire insurance and workers’ insurance in order to manage any losses which may arise for our project needs. The insurance policy generally covers the entire contract period, including the defect liability period following completion of the project. When we are engaged as a sub-contractor, we generally obtain insurance cover from the main contractor.

Our Directors believe that our insurance coverage is sufficient and adequate and in line with the industry norm. However, there can be no assurance that all liabilities incurred will be sufficiently covered by insurance and as such, claims for damages arising from our Group’s operations which are not adequately covered by our insurance coverage may have an adverse impact on our Group’s financial condition or results of operations. Please refer to the section headed “Risk Factors – Risks relating to our Construction Services Business – Our insurance may not fully cover all the potential losses arising from our operations” in this prospectus for further details. Notwithstanding the above, we did not experience any claim for damages arising from our Group’s operations which was not sufficiently covered by insurance during the Track Record Period.

For the three financial years ended 30 September 2016 and 1H2017, our total insurances premiums were approximately RM0.21 million, RM0.25 million, RM0.67 million and RM0.37 million respectively.

PROPERTIES

As at the Latest Practicable Date, we did not own any properties. We entered into seven material tenancy agreements, all of which are located in Malaysia for office purposes. The total gross floor area of our leased properties is approximately 17,692 sq. ft.

The following table sets out a summary of our material tenancy agreements:

No.	Address	Lessor	Lessee	Term of lease
1.	Suite C-08-01, Level 8, Block C, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	KAS Engineering	35 months commencing from 1 October 2016 and expiring on 31 August 2019
2.	Suite C-08-02, Level 8, Block C, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	BGMC Corporation	35 months commencing from 1 October 2016 and expiring on 31 August 2019
3.	Suites A-3A-1, 2, 3 & 3A, Level 3A, Block A, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	BGMC Corporation	35 months commencing from 1 October 2016 and expiring on 31 August 2019
4.	Suites C-3A-05, Level 3A, Block C, Sky Park, One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	BGMC Corporation	3 years commencing from 1 September 2016 and expiring on 31 August 2019
5.	Suites A-08-03 & 3A, Level 8, Block A, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	Built Master Engineering	3 years commencing from 1 September 2016 and expiring on 31 August 2019
6.	Suites C-3A-03 & 3A, Level 3A, Block C, Sky Park, One City, Jalan USJ 25/1, 47650, Subang Jaya, Selangor Darul Ehsan, Malaysia	One City Properties Sdn. Bhd.[(1)]	Headway Construction	3 years commencing from 1 September 2016 and expiring on 31 August 2019
7.	Suite C-3A-02, Block C, Level 3A, Sky Park, One City, Jalan USJ 25/1A, 47650 Subang Jaya, Selangor Darul Ehsan, Malaysia	Chan Yong Shi	Headway Construction	2 years commencing from 1 September 2015 and expiring on 31 August 2017

Note:

(1) One City Properties Sdn. Bhd. is a subsidiary of the MCT Group. Our Controlling Shareholder, Tan Sri Barry Goh, owns 27.24% shareholding in MCT and is a non-executive director of MCT. Please refer to the section headed "Relationship with our Controlling Shareholders – Our Controlling Shareholders" for further details.

Our Malaysian legal advisers have confirmed that, as at the Latest Practicable Date, the relevant material tenancy agreements with respect to our leased properties are legally binding and valid under Malaysian laws.

INTELLECTUAL PROPERTY

Domain names

Our Group is the owner of one domain name, the details of which are set out as follows:

Domain name	Registration date	Expiry date
bgmc.asia	15 September 2015	15 September 2020

These domain names are subject to renewal. The registration prevents others from using the same domain name during the subsisting registration period.

Trademarks

As at the Latest Practicable Date, our Group had four registered trademarks, details of which are as follows:

Trademark	Place of registration/ Proprietor	Trademark number	Class and description	Registration Date	Expiry Date
	Malaysia/ BGMC Builder	2015010377	35 (for advertising, business management, business administration, office functions all included in class 35)	12 October 2015	12 October 2025
	Hong Kong/ BGMC Builder	303759797	35 (for advertising, business management, business administration, office, and other ancillary functions)	28 April 2016	28 April 2026

Trademark	Place of registration/ Proprietor	Trademark number	Class and description	Registration Date	Expiry Date
G.O builder GREEN OCEAN	Hong Kong/ BGMC Builder	303969866	35 (Advertising; business management; construction project management, business administration; office functions; advertising services provided via the Internet; production of television and radio advertisements; auctioneering; organisation of trade fairs; opinion polling; data processing; provision of business information)	22 November 2016	21 November 2026
G.O builder GREEN OCEAN	Malaysia/ BGMC Builder	2016004007	35 (for advertising, business management, business administration, office functions all included in class 35)	19 April 2016	19 April 2026

As at the Latest Practicable Date, our Group has submitted applications for the following trademarks pending for registration:

Trademark	Application number	Class	Name of Applicant	Place of Registration	Status
BGMC	19730443	35	BGMC Builder	PRC	Application received
G.O builder GREEN OCEAN	21997462	35	BGMC Builder	PRC	Application received

As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us and we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 383 employees who are all located in Malaysia. The following table shows a breakdown of the employees by their functions:

Functions	**As of the Latest Practicable Date**
Building and structural	173
Earthworks and infrastructure	42
Mechanical and electrical	40
Energy transmission and distribution	28
Government concession	28
Environmental, safety and health	31
Human resources, administration and information technology	19
Finance	14
General management	5
Quality management	2
Business development	1
Total	**383**

We generally sub-contract our works to sub-contractors and therefore do not necessarily need to retain a large number of permanent site staff for our projects. Our Directors believe that we maintain a strong working relationship with our employees. We had not experienced any significant labour disputes with our employees during the Track Record Period. None of our employees are members of trade unions.

Our average monthly staff turnover rates were approximately 2.4%, 2.2%, 1.7% and 1.2% for FY2014, FP2015 and FY2016 and 1H2017 respectively, which our Directors believe are relatively low.

We believe that continuing education and training for our staff is important in order to maintain the service quality of our Group. As part of the induction of new employees, they must familiarise themselves with our safety policy, quality policy, quality manual, quality operating procedure, technical note and general organisation. We also encourage relevant personnel to attend training courses to keep up to date with latest developments and best practises in the industry or develop their management and decision-making abilities to enhance their work performance.

RESEARCH AND DEVELOPMENT

We do not have a research and development department. However, we periodically despatch our employees and project managers to trade shows and seminars to keep abreast with the latest construction technologies and building methods available in the market to increase our efficiency and reduce the cost of construction. We also develop industrialised building systems within our building and structural business sub-segment which involves the development of onsite and offsite prefabrication systems such as the production of pre-cast walls. We periodically test such pre-cast walls to develop the ideal ratio of materials in order to meet the requirements of a specific construction project.

AWARDS AND CERTIFICATES

The following table sets out the material awards and certificates awarded to us as at the Latest Practicable Date:

NO.	YEAR	TYPE	AWARDING PARTY	AWARD RECIPIENT
1.	2011	Certificate of Achievement	CIDB	B&G Corporation
2.	2014	Safety and Health Assessment System in Construction (SHASSIC) 3 Stars for Project Ainsdale 1A	CIDB	B&G Corporation
3.	2014	10th MOSHPA OSH Excellence Award (Gold Award) for occupational safety and health management on civil construction	Malaysian Occupational Safety and Health Professional Association (MOSHPA)	B&G Corporation
4.	2015	Safety and Health Assessment System in Construction (SHASSIC) 4 Stars for Project Ainsdale 1B	CIDB	B&G Corporation
5.	2015	Safety and Health Assessment System in Construction (SHASSIC) 4 Stars for Melawati Serini sub-structure	CIDB	B&G Corporation
6.	2015	11th MOSHPA OSH Excellence Award (Gold Award) for occupational safety and health management on civil construction	Malaysian Occupational Safety and Health Professional Association (MOSHPA)	B&G Corporation
7.	2015	Quality Assessment System in Construction (QLASSIC) Award for Project The Glades Ensemble	CIDB	B&G Corporation
8.	2016	Quality Assessment System in Construction (QLASSIC) Award for Project Saujana Impian The Brymwood	CIDB	BGMC Corporation
9.	2016	Safety and Health Assessment System in Construction (SHASSIC) 4 Stars for the Mahagony Saujana Impian	CIDB	BGMC Corporation

LICENCES AND PERMITS

We have obtained the following licences for the conduct of our operations:

Licence / Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Expiry date	Contract value
Licence to carry on business at A-3A-01, 02, 03 & 3A, Level 3A, Block A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya	SJMC	BGMC Corporation	The use of the designated premises to engage in or carry out business	Not applicable	5 March 2018	Not applicable

Licence / Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Expiry date	Contract value
Certificate of registration in respect of Grade G7, Category B, Category CE and Category ME	CIDB	BGMC Corporation	Grade G7, Category B B24: Building maintenance B04: Construction work on buildings B13: Tile installation B02: Industrialised building system – Steel frame system B05: Piling Grade G7, Category CE CE21: Civil Engineering Construction CE01: Road and pavement construction CE02: Bridge and jetty construction CE36: Earthwork CE10: Piling CE43: Road furniture CE42: Road painting CE30: Soil stabilisation work CE03: Marine structure Grade G7, Category ME E01: Sound systems M15: Miscellaneous mechanical equipment E02: Surveillance and security systems	29 September 2016	23 June 2018	Unlimited tender / contract value for Category B, Category CE and Category ME
Certificate of registration as an electrical contractor to carry out works at A-3A-02, Block A, Level 3A, Sky Park, One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan	Energy Commission Malaysia	BGMC Corporation	The laying of any supply line or construction of any electrical work	6 April 2016	6 April 2018	Not applicable

Licence / Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Expiry date	Contract value
Certificate of registration of contractor	Ministry of Finance	BGMC Corporation	120601 Fire prevention system 120602 Fire control equipment 140503 Lamp, lamp components and accessories 220201 Office / residences machines 220301 Air-conditioners (window / split) 220401 Fire / rescue tools / fire extinguisher	24 February 2017	23 February 2020	Not applicable
Licence to carry on business at A-08-03, 3A, Block A, Level 8, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya	SJMC	Built-Master Engineering	The use of the designated premises to engage in or carry out business	Not applicable	5 March 2018	Not applicable
Certificate of registration in respect of Grade G3, Category B and Category CE	CIDB	Built-Master Engineering	Grade G3, Category B B04: Construction work on buildings Grade G3, Category CE CE21: Civil engineering construction	9 November 2016	29 September 2017(Note)	tender / contract value not more than RM1 million
Certificate of registration in respect of Grade G7, Category ME	CIDB	Built-Master Engineering	Grade G7, Category ME M15: Miscellaneous mechanical equipment	9 November 2016	29 September 2017(Note)	unlimited tender / contract value for Category ME
Certificate of registration as an electrical contractor to carry out works at A-08-03, Block A, Level 8, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan	Energy commission Malaysia	Built-Master Engineering		25 November 2016	25 November 2018	Not applicable
Licence to carry on business at C-3A-02, 03, 3A, Block C, Level 3A, Sky Park One City, Jalan USJ 25/1, 47650 Subang Jaya, Selangor Darul Ehsan	SJMC	Headway Construction	The use of the designated premises to engage in or carry out business	Not applicable	5 March 2018	Not applicable

Licence / Certification	Granting Authority	Holder	Work scope permitted	Date of grant	Expiry date	Contract value
Certificate of registration in respect of Grade G7, Category B and Category CE	CIDB	Headway Construction	Grade G7, Category B B04: Construction work on buildings Grade G7, Category CE CE21: Civil engineering construction	24 November 2016	6 October 2017[(Note)]	Unlimited tender / contract value for Category B and Category CE
Licence to carry on business at C-08-01, Block C, Level 8, Sky Park One City, Jalan USJ 25/1A, 47650 UEP Subang Jaya, Selangor Darul Ehsan	SJMC	KAS Engineering	The use of the designated premises to engage in or carry out business	Not applicable	28 April 2018	Not applicable

Note: The Directors intend to apply for the renewal of these licences around two months before their respective expiry as such renewal applications would only be accepted by the relevant authorities by then.

Except as disclosed in the paragraphs headed "Legal Compliance" and "Legal Proceedings" in this section below, our Directors confirmed that we have obtained all material licences, permits and approvals required for carrying on its business activities during the Track Record Period and up to the Latest Practicable Date.

LEGAL COMPLIANCE

The table below summaries our non-compliances during the Track Record Period and up to the Latest Practicable Date:

No.	Name of our subsidiary(ies) involved	Details of the non-compliances	Reasons for the non-compliance	Legal consequences and potential maximum penalty for the relevant member of the our Group	Rectification	Internal control measures adopted to prevent recurrence
1.	BGMC Corporation	BGMC Corporation failed to file its tax return for the year of assessment 2014 within the prescribed period under section 77A(1) of the Income Tax Act 1967 (the "**Income Tax Act**").	BGMC Corporation was unable to file its tax return within the prescribed period because the preparation of the audited accounts for FY2014 was substantially delayed due to the significant time spent on the transition from Private Entity Reporting Standards to Malaysian Financial Reporting Standards and the adjustments of its accounts (including, among others, the timing on recognition of revenue and the corresponding cost of sales, account receivables and payables, and the related tax impact) in preparation for the Listing.	Under the Income Tax Act, BGMC Corporation shall, on conviction, be liable to either (i) a fine of not less than RM200.0 and not more than RM20,000.0 or to imprisonment for a term not exceeding 6 months or to both; or (ii) a fine equal to treble the amount of that tax which, before any set-off, repayment or relief under the Income Tax Act, is payable for that year. The MIRB has fined BGMC Corporation of	BGMC Corporation filed the tax return for the year of assessment 2014 on 3 February 2016 and were imposed a fine of RM760,094.20, which was paid on 20 May 2016.	We will engage a tax consultant on an ongoing basis to advise us on tax computation and reporting.

No.	Name of our subsidiary(ies) involved	Details of the non-compliances	Reasons for the non-compliance	Legal consequences and potential maximum penalty for the relevant member of the our Group	Rectification	Internal control measures adopted to prevent recurrence
				RM760,094.20 for the late filing of its tax return for the year of assessment 2014 and BGMC Corporation has paid such penalty imposed in full. Our Malaysian Legal Advisers opined that it is unlikely that further penalties will be imposed for such late filing.		
2.	Headway Construction and Built-Master Engineering	Since the establishment of Headway Construction and Built-Master Engineering on 4 October 2011 and 18 April 2012, and up to 23 November 2016 and 8 November 2016, each of them did not hold a certificate of registration under the Construction Industry Development Act Malaysia 1994 (the "CIDB Act") to carry out the construction works.	The respective responsible officers of Headway Construction and Built-Master Engineering mistakenly believed that the registration under CIDB Act is only required for main contractors, and the certificates of registration held by their respective holding companies were sufficient for the sub-contracting works conducted by Headway Construction and Built-Master Engineering.	According to the CIDB Act, failure to register with the CIDB constitutes an offence and on conviction, liable to a fine of not less than RM10,000.0 but not more than RM100,000.0. In view of the successful registration with CIDB by Headway Construction and Built-Master Engineering in November 2016, our Malaysian Legal Advisers opined that based on the representation made by CIDB, no sanction will be imposed by CIDB against both Headway Construction and Built-Master Engineering for their failure to register with CIDB prior to November 2016.	Each of Headway Construction and Built-Master Engineering had obtained the registration on 24 November 2016 and 9 November 2016, respectively.	We have designated Chua Boon Tuck, our Finance Director as the compliance officer, who is responsible for all of our licensing, registration and compliance matters. He will engage external legal advisers whenever needed. We will also provide training sessions to our responsible employees on various compliance matters specific to our industry.

During the same period, save as otherwise disclosed in this prospectus, our Directors were not aware of any other non-compliance incidents of material impact or systemic nature in respect of applicable laws and regulations.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

INTERNAL CONTROL

In addition to the internal control measures as set out in the paragraph headed "Legal Compliance" in this section above, we have adopted or will adopt the following corporate governance and internal control measures to monitor the ongoing implementation of our risk management policies and corporate governance measures after Listing. We believe that our internal control system is sufficient in terms of comprehensiveness, practicability and effectiveness. We will refine and enhance our internal control systems to respond to any new requirements of our operations as appropriate. To strengthen our internal control and ensure future compliance with the applicable laws and regulations (including the Listing Rules) after the Listing, we have adopted the following additional internal control measures:

- we will establish an audit committee prior to the Listing, which will establish formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations;

- our internal control measures, policies and procedures which were codified, adopted and implemented by us, have been updated and revised;

- subject to recommendation from our audit committee, we will appoint an external internal control adviser to perform periodic review of our internal control system to evaluate the effectiveness and formulate plans and recommendations for improvement of our internal control measures and policies;

- our Group will appoint our finance director, Chua Boon Tuck, as compliance officer. He will be responsible for, among other things, the oversight of compliance of applicable laws and regulations;

- we have appointed Fortune Financial Capital Limited as our compliance adviser upon the Listing to provide advice to our Directors and management team in respect of matters relating to the Listing Rules; and

- each of our Directors has received and reviewed a training memorandum prepared by our Hong Kong legal advisers and attended a training session conducted by our Hong Kong legal advisers in relation to responsibilities and duties of directors of a listed company in Hong Kong.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option or any option that may be granted under the Share Option Scheme is not exercised), Tan Sri Barry Goh, through Prosper International and Dato' Michael Teh, through Seeva International will be collectively interested in 70.5% of the enlarged issued share capital of our Company. On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each other with respect to their interests in and the business of the Company and the relevant members of our Group since they became shareholders of BGMC Builder. As Tan Sri Barry Goh, Prosper International, Dato' Michael Teh and Seeva International collectively control more than 30.0% of the issued share capital of our Company, they are a group of our Controlling Shareholders within the meaning of the Listing Rules.

One of our Controlling Shareholders, Tan Sri Barry Goh, owns 27.24% shareholding in MCT and is a non-executive director of MCT. MCT is principally engaged in property development of residential and commercial properties in Malaysia.

Given that there is a clear delineation between the business of our Group and that of the MCT Group as discussed below in this section, our Directors are of the view that the MCT Group does not compete, or is not expected to compete, directly or indirectly, with our core business after completion of the Global Offering in any material respect.

Save as disclosed in this prospectus, none of our Directors nor our Controlling Shareholders hold any interests in MCT or any business which would compete, or is expected to compete, directly or indirectly, with our core business after completion of the Global Offering.

THE EXCLUDED BUSINESS

MCT was listed on the Main Market of Bursa Malaysia Securities Berhad on 6 April 2015 following the completion of a reverse takeover of GW Plastics Holdings Berhad.

MCT is principally engaged in property development of residential and commercial properties in Malaysia. MCT has its own in-house construction capabilities to carry out construction activities for its own property development projects only, save and except that during the Track Record Period, we requested Modular Construction to undertake construction work for the UiTM campus for an aggregate fees of RM230.0 million. Modular Construction was not selected through tender, and was selected primarily because we considered that Modular Construction would have sufficient resources at that time to complete the project, while on the other hand we needed to ensure that there were sufficient resources allocated to our other customers. In addition, the fees charged by Modular Construction were more competitive than our in-house construction costs for this particular piece of construction because Modular Construction owned the adjacent land which was also under construction and was therefore able to save certain raw material and logistic costs and provide a more competitive quote to us. Modular Construction does not undertake any construction activities for external parties nor does it currently have any plan to undertake external construction works. We currently do not expect to request the MCT Group to conduct any other construction works for us in the near future.

As disclosed in MCT's annual report for the year ended 30 June 2016, there was a suit filed in 1996 in relation to the portion of the land (the "**Land Portion**") owned by an indirect wholly-owned subsidiary of MCT (the "**Subsidiary**"), where an Indian temple was erected thereon. The Subsidiary was added as one of the defendants in 2010. The plaintiff is claiming to alienate the Land Portion to it. On 11 March 2014, the parties recorded a consent judgement, which requires, among others, the Subsidiary to complete the construction of a new temple and deposit a sum of RM1.5 million with its solicitor as a stakeholder and the Subsidiary to commence legal proceedings to recover the possession of the Land Portion. This matter will be amicably settled when such consented terms are fulfilled. As disclosed in MCT's annual report for the year ended 30 June 2016, the directors of MCT are of the view that in any event, the claim to the Land Portion will not unduly affect the ongoing construction development on the land as the temple is not sited on the relevant part of the land which has been approved for development. Save as disclosed above, to the best of their knowledge and belief, our Directors are not aware that MCT Group was involved in any material non-compliance or litigation and claims during the Track Record Period and up to the Latest Practicable Date.

MCT Group is managed and operated independently from our Group. Our Controlling Shareholder, Tan Sri Barry Goh, being a non-controlling shareholder and a non-executive director only, does not participate in the day-to-day management of the MCT Group.

For the financial year ended 30 June 2016, the consolidated revenue and profit before tax of the MCT Group were RM654.9 million and RM119.3 million, respectively, and the consolidated total assets and net assets of the MCT Group were RM1,507.1 million and RM720.9 million, respectively.

Business Delineation

Our Directors are of the view that there is a clear and proper delineation between the business of our Group and that of the MCT Group, taking into account the differences in various aspects including products and services, external revenue source, customers, suppliers, management as well as strategy, growth and expansion plan. The following table sets forth a brief summary of the major differences between the business of our Group and that of the MCT Group which illustrates the business delineation between them:

Areas in business operation	Our Group	MCT Group
Products/Services	• Principally engaged in the provision of construction services in Malaysia	• Principally engaged in property development in Malaysia
External revenue source	• Principally from the provision of various construction services, which accounted for approximately 90.5% for FY2016	• Principally from the sales of self-developed property projects, which accounted for approximately 90.4% for the financial year ended 30 June 2016, while external revenue derived from construction activities accounted for approximately 1.5% for the financial year ended 30 June 2016(Note)
Customers	• Principally property developers in Malaysia	• Principally property investors and/or end users

Areas in business operation	Our Group	MCT Group
Suppliers	• Principally suppliers of construction materials, machineries providers and sub-contractors which engage in specific construction works in Malaysia	• Principally architects, engineers, construction service companies similar to us and sub-contractors which engage in specific construction works in Malaysia
Management	• No overlapping of Executive Directors and senior management with the MCT Group	• No overlapping of executive directors and senior management with our Group
Strategy, growth and expansion plan	• Continue to focus, grow and expand its construction services business in Malaysia and to seek opportunities to expand into overseas markets	• Continue to focus, grow and expand its property development business in Malaysia without any current plan for overseas expansion

Note: MCT has its own in-house construction capabilities to carry out construction activities for its own property development projects only, save and except that during the Track Record Period, to ensure that sufficient resources were allocated to our other customers, we requested Modular Construction to undertake construction work for the UiTM campus.

Based on the above, our Directors do not expect there to be any overlap or competition of the business of the MCT Group and our Group's business in any material respect after Listing. Also, save as disclosed, none of our Directors have an interest in any business which competes or is likely to compete, directly or indirectly, with the business of our Group.

Reasons for Exclusion

As disclosed above, our Group and the MCT Group operates in different and separate markets. While we provide construction services in Malaysia, the MCT Group engages in property development in Malaysia relying on its own construction capabilities. Our Directors believe that it is in the interests of our Company and Shareholders as a whole and it would be commercially justifiable to exclude the MCT Group from our Group for the purpose of the Listing because (i) from the operational perspective, the expertise and resources required for operating the respective businesses of the MCT Group and our Group are substantially different; (ii) from the business strategy perspective, the exclusion allows our Group to focus our resources on the development of our Group; and (iii) from the control perspective, our Group would not be able to control the MCT Group even if it were included because Tan Sri Barry Goh owns 27.24% shareholding in and is a non-executive director of MCT only.

Notwithstanding the clear delineation of business between our Group and the MCT Group, our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company to the effect that it will not, and will procure each of its respective close associates (other than members of our Group) not to, directly or indirectly, participate in, or hold any right or interest, or otherwise be involved in any business which may be, directly or indirectly, in competition with our business to ensure that competition will not exist in the future.

NON-COMPETITION UNDERTAKINGS

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has provided certain undertakings in favour of our Company (for ourselves and as trustee for each of our subsidiaries) that during the Relevant Period (as defined below), each Controlling Shareholder shall (and he/it shall procure his/its close associates, except any member of our Group, will):

(a) not, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement or as a principal or an agent, and whether on their own account or on behalf of any person, firm or company or through any entities), invest in, be engaged in, participate in or hold any right or interest in any business or activity which will or may compete with the business engaged by our Group (the "**Restricted Business**"), including but not limited to providing construction services to external property developers and engaging in BLMT Projects in Malaysia or any other country where the business of our Group is from time to time located;

(b) in respect of any new business opportunity identified, being proposed or offered to participate by him/it and/or his/its close associates for the carrying on, investment in or engagement in any principal business (the "**New Business Opportunity**") currently and from time to time engaged by our Group, including but not limited to providing construction services to external property developers and engaging in BLMT Projects in Malaysia or any other country where the business of our Group is from time to time located, refer, or shall procure his/its close associates to refer (where such New Business Opportunity has been proposed or offered to him/it and/or his/its close associates by a third party), such New Business Opportunity to our Group by giving a written notice (which shall contain all information of, and the relevant terms and conditions for, the New Business Opportunity obtained thereby) (the "**Referral Notice**") within 14 days after he/it and/or his/its close associates has identified, has been proposed or offered to participate in the New Business Opportunity, and our Directors who are not our Controlling Shareholders (or his/its associates) and have no actual or potential material interest in the New Business Opportunity, directly or indirectly, will decide whether or not to take up such opportunity. Any Director who is our Controlling Shareholder (or his/its associate) or has actual or potential material interest in the New Business Opportunity shall abstain from voting at, and shall not be counted in the quorum for, any Board meeting convened to consider such New Business Opportunity. The factors that will be taken into consideration in making the decision shall include whether taking up the New Business Opportunity is in line with the overall interests of our Shareholders. If it is decided that our Company shall take up such New Business Opportunity, our Directors shall take all actions as may be necessary, including passing the requisite resolutions, to give full effect to such decision;

(c) if a New Business Opportunity is refused by our Group, a Controlling Shareholder or his/its close associates may take up such opportunity if (i) a notice is received by the Controlling Shareholder from our Company confirming that the New Business Opportunity is not accepted or the Controlling Shareholder or his/its respective close associates have not received from our Company a notice confirming that the New Business Opportunity is accepted within 30 days after the Referral Notice is given to our Company; (ii) the principal terms of which the Controlling Shareholder or his/its respective close associates carry on, invest or engage in are no more favourable than those made available to our Company; and (iii) it would not result in a breach of any provisions of the Deed of Non-competition;

(d) allow our Group's access to his/its records which are necessary for monitoring the performance of the Deed of Non-competition; and

(e) provide to our Company and/or our Directors (including the Independent Non-executive Directors) from time to time all information necessary for an annual review by the Independent Non-executive Directors with regard to compliance with the terms of the Deed of Non-competition. Such review results will be disclosed in our Company's annual reports after Listing. Each of our Controlling Shareholders has also undertaken to allow our Directors, their respective representatives and the auditors of our Group to have sufficient access to the relevant records of the relevant Controlling Shareholder and his/its close associates to ensure their compliance with the terms and conditions of the Deed of Non-competition. Each of our Controlling Shareholders has also undertaken to issue an annual confirmation to us on compliance with the terms of the Deed of Non-competition, and consenting to the disclosure of such confirmation in the annual reports of our Company, thereby enabling our Company to keep monitoring the compliance with the Deed of Non-competition by our Controlling Shareholders.

For the purpose of the Deed of Non-competition, our Controlling Shareholders and their respective close associates are allowed to hold shares in a listed company which engages in the Restricted Business, provided that the aggregate shareholding of such Controlling Shareholder and his/its close associates is less than 30% or any lower percentage which would trigger the mandatory general offer obligations under the applicable rules of the relevant stock exchange, and do not have power to control the majority of the relevant board of directors; and the "**Relevant Period**" with respect to each Controlling Shareholder means the period commencing from the Listing Date and expiring on the earlier of the date on which (i) that Controlling Shareholder and his/its close associates (individually or taken as a whole) cease to own 30% or more of the then issued share capital of our Company directly or indirectly or cease to be considered as a controlling shareholder (within the meaning ascribed to it under the Listing Rules from time to time) of our Company and do not have power to control the majority of the Board; and (ii) the Shares cease to be listed on the Stock Exchange.

Our Directors (including our Independent Non-executive Directors) are allowed to engage professional advisers at our costs for advices on matters relating to the New Business Opportunity or if and when they think necessary in the course of reviewing the compliance with the Deed of Non-competition.

CORPORATE GOVERNANCE MEASURES

To further protect the interests of the minority Shareholders of our Company, our Company will adopt the following corporate governance measures to manage any potential conflicts of interest:

(a) our Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) unless invited by a majority of our Independent Non-executive Directors, our Controlling Shareholder being a Director shall exclude himself from any meeting convened to consider any issues arising under the Deed of Non-competition;

(c) our Company will disclose decisions on matters reviewed by our Independent Non-executive Directors relating to the compliance with the Deed of Non-competition in our Company's annual reports; and

(d) we have appointed Fortune Financial Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and/or their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the matters described above and the following factors, our Directors believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after Listing:

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after Listing, our Company has full rights to make all decisions on, and to carry out, our own business operations independently. Our Group has sufficient capital, facilities and employees to operate the business independently from our Controlling Shareholders. Our Group also has access to independent suppliers and customers of our services. There are also no continuing connected transactions between our Controlling Shareholders or their respective close associates and our Group immediately after Listing except for the ongoing training services to our staff provided by Kingsley Professional Centre Sdn. Bhd., which is owned as to 50% by Tan Sri Barry Goh. The ongoing training services provided by Kingsley Professional Centre Sdn. Bhd. are expected to be immaterial after Listing and will fall under the de minimis exemption under Chapter 14A of the Listing Rules. For details, please refer the section headed "Connected Transactions" in this prospectus.

Based on the above, our Directors believe that our Group will not unduly rely on the Controlling Shareholders or their respective close associates and can operate independently of our Controlling Shareholders or their respective close associates after Listing.

Management Independence

Our Board comprises four Executive Directors and three Independent Non-executive Directors. Apart from Tan Sri Barry Goh, our Chairman and Executive Director and Dato' Michael Teh, our Executive Director and Chief Executive Officer, all of our Directors and senior management are independent from our Controlling Shareholders. Our management and operational decisions are made by our Executive Directors and senior management, a majority of whom have served our Group for a substantial period of time and have substantial experience in the industry in which we are engaged. Please refer to the section headed "Directors, Senior Management and Employees" in this prospectus for further details of the Directors and senior management of our Group.

Each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Administrative Independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including but not limited to internal control, human resources and information technology. Our company secretary is independent of our Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments and the ability to operate independently from our Controlling Shareholders from a financial perspective.

During the Track Record Period, we did not have any advances to our Controlling Shareholders and had advances from our Controlling Shareholders in the amount of approximately RM7.1 million, RM23.2 million, RM36.7 million and RM16.2 million as at the end of FY2014, FP2015, FY2016 and 1H2017, respectively. On 26 January 2017, RM65.0 million of the advances were settled through issue of additional shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited, while the remaining RM16.2 million will be repaid by our internal funding before Listing. During the Track Record Period, there were a number of guarantees given to our Group from our Controlling Shareholders or their respective close associates. As at 31 May 2017, the amount of bank borrowings and finance lease guaranteed by our Controlling Shareholders or their respective close associates were approximately RM254.0 million and RM29.6 million (the "**Indebtedness Portfolio**"), respectively. Our bank borrowings include bank overdrafts, term loans, bridging loan and invoice financing loan, while finance lease principally includes hire purchase arrangements.

The personal guarantee(s) given by our Controlling Shareholders to our Group in relation to all the RM254.0 million bank borrowings and RM28.1 million finance lease (the "**Released Facilities**"), being the majority of our Indebtedness Portfolio, will be released and replaced by corporate guarantee provided by our Group upon Listing.

Regarding the remaining personal guarantee(s) given by our Controlling Shareholders to our Group in relation to RM1.5 million finance lease (the "**Remaining Facilities**"), we have received favourable indication from relevant financial institution(s) that such personal guarantee(s) will be released and substituted by our corporate guarantee after Listing. Our Directors are given to understand that, due to their respective internal policies, the relevant financial institution(s) in relation to some of the Remaining Facilities will only be able to process and issue the approval for release of personal guarantee(s) after the Listing. Based on previous communications between our Company and the relevant financial institutions and coupled with a reasonable cushion, our Directors currently expect that all personal guarantee(s) in relation to the Remaining Facilities will be fully released within three months after Listing. We will update our Shareholders by way of announcement or annual report regarding the release of all these Remaining Facilities. In the unlikely event that these personal guarantee(s) are to subsist three months after Listing, based on the availability of an unutilised amount of RM67.9 million from the Released Facilities (of which there is sufficient amount of multi-purpose facilities that could be drawn down to settle all such Remaining Facilities where necessary), our Directors confirmed that we have the ability to refinance and/or settle any outstanding amounts in this regard. We did not resort to other means to refinance and/or repay such Remaining Facilities since our Directors are of the view that any termination of such Remaining Facilities may unnecessarily dampen the established relationship with these relevant financial institution(s) and despite the existence of such Remaining Facilities, the financial independence of our Group against its Controlling Shareholders will not be affected because (i) as demonstrated by the Released Facilities where we have obtained consents from various financial institutions to extend all our bank borrowings of RM254.0 million and finance lease of RM28.1 million free of any personal guarantees provided by our Controlling Shareholders, our Group is capable of obtaining financing from external sources independently upon Listing; and (ii) the issuance of the approval for release of personal guarantees for the Remaining Facilities is merely administrative in nature. Save as disclosed above, our Controlling Shareholders and their close associates have not entered into any financial arrangements with our Group as at the Latest Practicable Date.

CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the following transactions will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules:

A. Non-exempt continuing connected transactions subject to reporting, announcement and independent shareholders' approval requirements

1. Construction services to B&G Capital Group

During the Track Record Period, we provided various construction services to B&G Capital and its subsidiaries (collectively the "**B&G Capital Group**") for their construction projects in Malaysia. Such subsidiaries included B&G Superb Property Sdn. Bhd., D' Pristine Medini Sdn. Bhd. and Kingsley Hill Sdn. Bhd..

After Listing, we will continue to provide such construction services to the B&G Capital Group, which include but not limited to carrying out the construction works in accordance with the given specifications and building plans as well as supply of labour, materials, machineries and tools for the construction works (the "**B&G Construction Services**").

As at the Latest Practicable Date, B&G Capital was owned as to (i) 22.6% by Dato' Danny Goh, the brother of our Controlling Shareholder, Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd, which was owned as to 95.0% by Dato' Danny Goh. Accordingly, B&G Capital is an associate of Tan Sri Barry Goh and thus a connected person of our Company under Rule 14A.07(4) of the Listing Rules.

On 3 July 2017, we entered into the master construction agreement (the "**Master B&G Construction Agreement**") with B&G Capital pursuant to which we will provide the B&G Construction Services to the B&G Capital Group for a term commencing from the Listing Date and up to the year ending 30 September 2019.

Historical transaction amounts

During the Track Record Period, we derived the following revenue from the provision of B&G Construction Services to the B&G Capital Group:

	Historical amounts			
	FY2014	**FP2015**	**FY2016**	**1H2017**
	RM million	*RM million*	*RM million*	*RM million*
The B&G Construction Services	52.6	106.4	163.0	165.5

Proposed annual cap and basis of determination

Our Company expects the annual cap for the Master B&G Construction Agreement for the three years ending 30 September 2019 to be as below:

	Proposed annual cap		
	FY2017	**FY2018**	**FY2019**
	RM million	*RM million*	*RM million*
The B&G Construction Services	270.0	370.0	180.0

The terms of the B&G Construction Services have been arrived at after arm's length negotiation between our Company and the B&G Capital Group, with reference to the prevailing market terms offered by other providers comparable with our Company. For future B&G Construction Services to be provided by us, we will compare our terms to be offered to the B&G Capital Group with at least two other similar transactions with Independent Third Parties before the relevant transaction to ensure that the B&G Construction Services will be conducted on normal and commercial terms.

In determining the proposed annual cap, our Company also took into account (i) the remaining revenue in the amount of approximately RM423.5 million expected to be recognised by us under the existing construction projects with the B&G Capital Group scheduled to be completed by 30 September 2019; and (ii) the projected revenue in the amount of approximately RM396.5 million expected to be recognised by us for the services expected to be provided to the B&G Capital Group for its future construction projects with reference to the historical transaction amounts with the B&G Capital Group.

Given each of the applicable percentage ratios, as defined under the Listing Rules, in respect of the B&G Construction Services under the Master B&G Construction Agreement is expected to be more than 5% on an annual basis and the total annual consideration is more than HK$10,000,000, the transactions contemplated under the Master B&G Construction Agreement are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under the Listing Rules.

B. Non-exempt continuing connected transactions subject to reporting and announcement requirements

2(a). Supplies from the B&G Capital Group

During the Track Record Period, we required supply of construction materials from Correct Lifestyle Sdn. Bhd., a subsidiary of B&G Capital for our construction projects in Malaysia. After Listing, we will continue to purchase various construction materials from the B&G Capital Group, which includes but not limited to kitchenware, tiles, sanitary wares or other construction materials (the "**Supplies**").

As at the Latest Practicable Date, B&G Capital was owned as to (i) 22.6% by Dato' Danny Goh, the brother of our Controlling Shareholder, Tan Sri Barry Goh; and (ii) 77.4% by Syapurna Sdn Bhd, which was owned as to 95.0% by Dato' Danny Goh. Accordingly, B&G Capital is an associate of Tan Sri Barry Goh and thus a connected person of our Company under Rule 14A.07(4) of the Listing Rules.

On 3 July 2017, we entered into the master supply agreement (the "**Master Supply Agreement**") with B&G Capital pursuant to which we will purchase the Supplies from the B&G Capital Group for a term commencing from the Listing Date and up to the year ending 30 September 2019.

Historical transaction amounts

During the Track Record Period, we incurred the following amount of purchases for our Supplies from the B&G Capital Group:

	Historical amounts			
	FY2014	**FP2015**	**FY2016**	**1H2017**
	RM million	*RM million*	*RM million*	*RM million*
The Supplies	Nil	Nil	5.5	7.4

Proposed annual cap and basis of determination

Our Company expects the annual cap for the Master Supply Agreement for the three years ending 30 September 2019 to be as below:

	Proposed annual cap		
	FY2017	**FY2018**	**FY2019**
	RM million	*RM million*	*RM million*
The Supplies	21.0	11.0	11.0

The terms of the Supplies have been arrived at after arm's length negotiation between our Company and the B&G Capital Group, with reference to the prevailing market terms for the Supplies chargeable by other providers comparable with the B&G Capital Group. For future Supplies to be provided by the B&G Capital Group, we will compare the terms offered by the B&G Capital Group with at least two comparable quotations from Independent Third Parties before the relevant transaction to ensure that the Supplies will be conducted on normal and commercial terms.

The proposed annual caps with respect to the Supplies are arrived at after arm's length negotiation between our Company and the B&G Capital Group, with reference to the prevailing market price chargeable by other providers comparable with the B&G Capital Group. In determining the proposed annual cap, our Company also took into account the fact that (i) we will continue to require the B&G Capital Group to supply construction materials of approximately RM33.7 million for our existing construction projects with the B&G Capital Group to be completed by 30 September 2019; and (ii) the projected amount of approximately RM9.3 million to be required by us from the B&G Capital Group for our future construction projects based on the historical transaction amounts with the B&G Capital Group.

Given each of the applicable percentage ratios, as defined under the Listing Rules, in respect of the Supplies under the Master Supply Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

2(b). Sub-contracting to EXA Power

During the Track Record Period, we sub-contracted part of our electrical works to EXA Power Sdn. Bhd. ("**EXA Power**") in relation to our construction projects in Malaysia. After Listing, we will continue to sub-contract electrical works to EXA Power, which include but not limited to supply material, equipment, labour and tools for the complete installation of the electrical services in accordance with the relevant drawings and specifications (the "**Electrical Works**").

As at the Latest Practicable Date, EXA Power was owned to approximately 70.0% by Wong Zheng Kai, a brother-in-law of Dato' Michael Teh; and approximately 30.0% by Lee Chiew Yen, a sister-in-law of Dato' Michael Teh. Due to their close relationship with Dato' Michael Teh, EXA Power is deemed as a connected person of our Company under Rule 14A.21 of the Listing Rules.

On 3 July 2017, we entered into the master sub-contracting agreement (the "**Master EXA Agreement**") with EXA Power pursuant to which we will sub-contract the Electrical Works to EXA Power for a term commencing from the Listing Date and up to the year ending 30 September 2019.

Historical transaction amounts

During the Track Record Period, we incurred the following amount of purchases for the Electrical Works provided by EXA Power:

	Historical amounts			
	FY2014	**FP2015**	**FY2016**	**1H2017**
	RM million	*RM million*	*RM million*	*RM million*
The Electrical Works	0.8	1.0	2.9	6.3

Proposed annual cap and basis of determination

Our Company expects the annual cap for the Master EXA Agreement for the three years ending 30 September 2019 to be as below:

	Proposed annual cap		
	FY2017	**FY2018**	**FY2019**
	RM million	*RM million*	*RM million*
The Electrical Works	10.0	5.5	3.0

The terms of the Electrical Works have been arrived at after arm's length negotiation between our Company and EXA Power, with reference to the prevailing market terms chargeable by other providers comparable with EXA Power. For future Electrical Works to be provided by EXA Power, we will compare the terms offered by EXA Power with at least two comparable quotations from Independent Third Parties before the relevant transaction to ensure that the Electrical Works will be conducted on normal and commercial terms.

In determining the proposed annual cap, our Company also took into account the fact that (i) we will continue to require EXA Power to conduct Electrical Works of approximately RM12.1 million for our existing construction projects with the B&G Capital Group, which are scheduled to be completed by 30 September 2017; and (ii) the projected amount of approximately RM6.4 million to be paid to EXA Power for our future construction projects based on the historical transaction amounts with EXA Power.

Given each of the applicable percentage ratios, as defined under the Listing Rules, in respect of the Electrical Works under the Master EXA Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Master EXA Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

C. Exempt continuing connected transactions

3. Training services by Kingsley Professional

During the Track Record Period, we required training services from Kingsley Professional Centre Sdn. Bhd. ("**Kingsley Professional**") for our staff. After Listing, we will continue to require training services from Kingsley Professional, which include but not limited to provision of team building activities or other technical or soft skill training (the "**Training Services**").

As at the Latest Practicable Date, Kingsley Professional was owned as to (i) 50.0% by Tan Sri Barry Goh, our Controlling Shareholder; and (ii) 50.0% by Dato' Danny Goh, the brother of our Controlling Shareholder, Tan Sri Barry Goh. Accordingly, Kingsley Professional is an associate of Tan Sri Barry Goh and thus a connected person of our Company under Rule 14A.07(4) of the Listing Rules.

Historical transaction amounts

During the Track Record Period, we incurred the following amount of purchases for our Training Services from Kingsley Professional:

	Historical amounts			
	FY2014	**FP2015**	**FY2016**	**1H2017**
	RM	*RM*	*RM*	*RM*
The Training Services	Nil	Nil	34,352.5	21,108.5

The terms of the Training Services have been arrived at after arm's length negotiation between our Company and Kingsley Professional, with reference to the prevailing market terms chargeable by other providers comparable with Kingsley Professional. For future Training Services to be provided by Kingsley Professional, we will compare the terms offered by Kingsley Professional with at least two comparable quotations from Independent Third Parties before the relevant transaction to ensure that the Training Services will be conducted on normal and commercial terms. We expect that our transactions with Kingsley Professional will be immaterial and less than HK$3.0 million per year after Listing.

Given each of the applicable percentage ratios, as defined under the Listing Rules, in respect of the Training Services is expected to be less than 0.1% on an annual basis, the Training Services is fully exempted from the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONFIRMATION FROM OUR DIRECTORS AND THE SOLE SPONSOR

Our Directors (including the Independent Non-executive Directors) are of the opinion that the continuing connected transactions under the Master B&G Construction Agreement, Master Supply

Agreement, Master EXA Agreement and for the Training Services (i) were entered into in our ordinary and usual course of business and are on normal commercial terms; and (ii) the proposed annual caps for the transaction under the above agreements are fair and reasonable, and in the interests of our Company and our Shareholders as a whole. Based on the relevant transactional documents and information provided by our Company, the Sole Sponsor's participation in the due diligence and discussions with our Directors and management and the representations given by our Directors and management in respect of the abovementioned non-exempt continuing connected transactions, the Sole Sponsor concurs with our Directors that the abovementioned non-exempt continuing connected transactions (i) are entered into in the ordinary and usual course of business of our Company and are on normal commercial terms; and (ii) the proposed annual caps for the transactions are fair and reasonable and in the interest of our Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the abovementioned non-exempt continuing connected transactions will continue after the Listing and have been entered into prior to the Listing Date and have been fully disclosed in this prospectus and potential investors will participate in the Global Offering on the basis of such disclosure, the Directors consider that strict compliance with the announcement requirement and/or independent shareholders' approval requirements under the Listing Rules would be unduly burdensome and would add unnecessary administration costs to the Company. As such, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement requirement as set out in Chapter 14A of the Listing Rules for the Master Supply Agreement and the Master EXA Agreement and the announcement and independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules for the Master B&G Construction Agreement subject to (i) the abovementioned annual caps are not exceeded and (ii) that we will comply with Chapter 14A of the Listing Rules in relation to the abovementioned non-exempt continuing connected transactions.

If any terms of the transactions under the Master Supply Agreement, the Master EXA Agreement and the Master B&G Construction Agreement are altered or if our Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, our Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those existing as at the Latest Practicable Date on transactions of the kind to which the connected transactions referred to in this prospectus belong, including, but not limited to, requirements that these transactions be subject to reporting, announcement and/or independent shareholders' approval, we will take immediate steps to ensure compliance with such requirements within a reasonable time.

In addition, we will comply with all applicable rules as prescribed under Chapter 14A of the Listing Rules unless they are specifically exempted.

DIRECTORS

Our Board consists of seven Directors, comprising four Executive Directors and three Independent Non-executive Directors. The power and duties of our Board include convening Shareholders' meetings and reporting our Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining our Group's business plans and investment plans, formulating our Group's annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of share capital as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles and other applicable laws such as the Companies Law. We have entered into service contracts with all Executive Directors.

The following table sets forth information regarding our Directors:

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors
Directors						
Tan Sri Dato' Sri Goh Ming Choon (Tan Sri Barry Goh)	53	Chairman and Executive Director	25 March 1996(Note)	18 November 2016	Formulating the overall development strategies and business plans of our Group and overseeing the management and strategic development of our Group	Uncle of Dato' Michael Teh
Dato' Mohd Arifin bin Mohd Arif (Dato' Arifin)	53	Vice-chairman and Executive Director	21 June 2007	18 November 2016	Overall management, corporate development and strategic planning	None
Dato' Teh Kok Lee (Dato' Michael Teh)	33	Executive Director and Chief Executive Officer	1 April 2011	18 November 2016	Overall management, corporate development and strategic planning	Nephew of Tan Sri Barry Goh
Ir. Azham Malik bin Mohd Hashim (Ir. Azham Malik)	50	Executive Director	27 December 1999	18 November 2016	Overall management, corporate development and strategic planning	None

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors
Tan Sri Dato' Seri Kong Cho Ha (Tan Sri Kong)	66	Independent Non-executive Director	3 July 2017	3 July 2017	Supervising and providing independent advice to our Board	None
Chan May May	50	Independent Non-executive Director	3 July 2017	3 July 2017	Supervising and providing independent advice to our Board	None
Ng Yuk Yeung (吳旭陽)	44	Independent Non-executive Director	3 July 2017	3 July 2017	Supervising and providing independent advice to our Board	None

Note: Tan Sri Barry Goh left the Group in 2002 to focus his attention on MCT, a property development company and an excluded business. For details of MCT, please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus. He re-joined the Group in 2011, when he became a director of KAS Engineering.

Executive Directors

Tan Sri Barry Goh, aged 53, is the Chairman and an Executive Director. He is primarily responsible for formulating the overall development strategies and business plans of our Group and overseeing the management and strategic development of our Group. He is also a director of BGMC Malaysia, BGMC Builder, BGMC Corporation and KAS Engineering. He graduated from Tunku Abdul Rahman College (currently known as Tunku Abdul Rahman University College) in Malaysia with a Diploma in Technology (Electronic Engineering) in July 1990.

Tan Sri Barry Goh is an entrepreneur and has over 20 years of experience in the property development and construction business. In 1994, after his experience obtained in Honeywell Engineering Sdn. Bhd., an engineering company, he established B&G Capital, which was initially engaged in the trading of electronics and electrical components. B&G Capital currently conducts building construction, design and manufacturing of building materials, civil engineering and infrastructure business. In November 1996, he became a director of Modular Construction to carry out building construction business. In 2004, he became a director of MCT Consortium Bhd., which later acquired Modular Construction and the parent company of which, i.e. MCT, was listed on the Main Market of Burse Malaysia Securities Berhad on 6 April 2015 following the completion of a reverse takeover of GW Plastics Holdings Berhad. Since February 2013, Tan Sri Barry Goh has been a director of Odenza Corp., a mining company quoted on the over-the-counter markets in the United States with the symbol ODZA.

Dato' Arifin, aged 53, is the Vice-Chairman and an Executive Director. He is primarily responsible for overall management, corporate development and strategic planning of our Group. Dato' Arifin has over 23 years of experience in the construction field. From 1993 to 2006, he was a director of Ehsanuibu Sdn. Bhd., a Malaysian construction company. Since June 2007, he has been a director of KAS Engineering and he facilitated KAS Engineering to secure the UiTM Project in 2012. Since June 2015, he has been a director of BGMC Corporation. Dato' Arifin sat for the Joint Examination for the Sijil Pelajaran Malaysia and G.C.E. in 1980 and obtained a Grade Three Certificate.

Dato' Arifin was a director of the following companies incorporated in Malaysia prior to their respective dissolution:

Name of Company	Principal business activity or nature of business prior to dissolution	Date of commencement of dissolution procedure/Date of dissolution	Means of dissolution	Reasons for dissolution
Chief Park Sdn. Bhd.	Investment Holding	13 June 2008/ 26 May 2011	Striking off	Cessation of business
E.I. Project Management Sdn. Bhd.	General contractors, general merchants	13 June 2008/ 26 May 2011	Striking off	Cessation of business
Ehsanibu Properties Sdn. Bhd.	Property management and building contractors, general merchants	13 June 2008/ 26 May 2011	Striking off	Cessation of business
Exclusive Metro Development Sdn. Bhd.	Development construction and general trading	13 June 2008/ 26 May 2011	Striking off	Cessation of business
Golden Knot Sdn. Bhd.	General merchant	24 September 2012/ 9 December 2013	Striking off	Cessation of business
Hormat Mayang Sdn. Bhd.	Trading	29 April 2013/ 11 November 2015	Striking off	Cessation of business
Litar Jaya Sdn. Bhd.	Property development	24 September 2012/ 23 June 2014	Striking off	Cessation of business
Seasons Network Sdn. Bhd.	Dormant	25 May 2007/ 22 April 2008	Striking off	Cessation of business

Dato' Arifin confirmed that the above companies were solvent immediately prior to their dissolutions and there is no wrongful act on his part leading to the dissolutions and is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions, and that no misconduct or misfeasance had been involved in the dissolutions of these companies.

Dato' Michael Teh, aged 33, is an Executive Director and the Chief Executive Officer of our Company. He is primarily responsible for overall management, corporate development and strategic planning of our Group. He is currently the chief executive officer of BGMC Corporation and a director of BGMC Malaysia, BGMC Builder, BGMC Corporation, Headway Constriction and Built-Master Engineering and Built-Master Elevator Engineering. He graduated from the University of the West of England, Bristol in the United Kingdom with a Bachelor's degree in Law in July 2006.

Dato' Michael Teh has over 10 years of experience in the construction field. Prior to his joining of the BGMC Corporation as the Project Director in April 2011, he joined B&G Concept Property Sdn. Bhd., a housing and commercial property development company in Malaysia, in September 2006, as a personal assistant to the managing director for about five years. He was responsible for providing guidance on contract and commercial practises and procedures to the managing director, project managers or other operational staff. Dato' Michael Teh was a director of Odenza Corp., a mining company quoted on the over-the-counter markets in the United States with the symbol ODZA, from February 2013 to May 2015.

Ir. Azham Malik, aged 50, is an Executive Director. He is primarily responsible for overall management, corporate development and strategic planning of our Group. He is also a director of BGMC Corporation and KAS Engineering. He has been a member of the Institute of Engineers, Malaysia since April 2012. He obtained his Bachelor's degree in Engineering from the University of New South Wales, Australia in May 1992.

Ir. Azham Malik has over 17 years of experience in the construction field. He became a director of BGMC Corporation in December 1999 after his experience obtained in Dmac Associates Sdn. Bhd., a construction company. In 2008, he became a director of MDP Studio Sdn. Bhd., a company that engages in civil engineering consultancy services. He does not participate in the day to day management of this company, and he is able to spend the majority of his time in our Group.

Independent Non-executive Directors

Tan Sri Kong, aged 66, is an Independent Non-executive Director. He is primarily responsible for supervising and providing independent advice to our Board. He graduated from the University of Malaya in Malaysia with a Degree of Bachelor in Science in June 1974 and graduated from the science, technology and innovation policy executive education program at the Harvard University's Kennedy School of Government in November 2006.

Tan Sri Kong has several years of experience in public service. From April 2009 to June 2010, he served as the Minister of Housing and Local Government in Malaysia and from June 2010 to May 2013, he served as the Minister of Transport in Malaysia. In February 2014, he became the Deputy Chairman of Invest Perak (Investment Council in the State of Perak).

Chan May May, aged 50, is an Independent Non-executive Director. She is primarily responsible for supervising and providing independent advice to our Board. She has been admitted to the Malaysian Bar since March 1991. She graduated from the University of Malaya in Malaysia with a Bachelor's degree in Law in August 1990.

Chan May May has over 20 years of experience in the legal field. She is currently the chief executive officer of ZICO insource Inc. since July 2015, which engages in the provision of insourcing and consultancy services relating to legal, human resource and communications. Chan May May was the Head of Group Corporate Communication in Dialog Group Berhad from December 2012 to January 2015. From 2005 to 2012, Chan May May was the head of legal and corporate services in Media Chinese International Ltd., a company listed on both the Stock Exchange and Bursa Malaysia Securities Berhad.

Ng Yuk Yeung (吳旭陽), aged 44, is an Independent Non-executive Director. He is primarily responsible for supervising and providing independent advice to our Board. He is a fellow member of the Association of Chartered Certified Accountants, a member of Hong Kong Institute of Certified Public Accountants and a CFA Charter holder. He graduated from the University of Hong Kong in Hong Kong with a Bachelor's degree in Computer Science in November 1995.

Ng Yuk Yeung has over 20 years of experience in auditing and financial management, which was mostly gained from positions in one of the international firms of certified public accountants from 1996 to 1999 and from 2001 to 2002, and in China Resources Enterprise, Limited (Hong Kong Stock Code: 00291), the shares of which are listed on the Stock Exchange, from 2002 to 2007. He joined Shenguan Holdings (Group) Limited (Hong Kong Stock Code: 00829) as the company secretary and financial controller in February 2009 and is responsible for supervising financial reporting, corporate finance, tax and other finance related matters.

Save as disclosed in this prospectus, each of our Directors confirms with respect to himself/herself that: (i) he/she has not held any directorships in the last three years in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of our Company; (iii) he/she does not hold any positions in our Company or other members of our Group; (iv) he/she does not have any interests in our Shares within the meaning of Part XV of the SFO; (v) there is no other information that should be disclosed for him/her pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and (vi) there are no other matters that need to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

The following table sets forth information regarding our Senior Management:

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Senior Management of our Group	Roles and responsibilities
Senior Management					
Dato' Michael Teh	33	Executive Director and Chief Executive Officer	1 April 2011	1 April 2011 (appointed as the Project Director since April 2011)	Supervising and overseeing the overall business of our Group

Name	Age	Position/ Title	Date of joining our Group	Date of appointment as Senior Management of our Group	Roles and responsibilities
Chiang Wai Lam	38	Project Director	1 April 2011	1 January 2016	Supervising and overseeing the construction projects of our Group
Ee Kian Yiaw	39	Project Director	1 April 2011	1 February 2016	Supervising and overseeing the construction projects of our Group
Chua Boon Tuck	50	Finance Director	18 March 2014	18 March 2014	Supervising and overseeing the overall financial management of our Group

Dato' Michael Teh, aged 33, is the Chief Executive Officer of our Group and BGMC Corporation. He is primarily responsible for supervising and overseeing the overall business of our Group. Please refer to the paragraph headed "Executive Directors" in this section above for his biography.

Chiang Wai Lam, aged 38, is a Project Director of our Group and BGMC Corporation and he is primarily responsible for supervising and overseeing the construction projects of our Group. He graduated from the University of Sheffield Hallam, United Kingdom with a Bachelor's degree in Building Construction Management in September 2002.

Chiang Wai Lam has around 10 years of experience in the construction field. Prior to joining BGMC Corporation as a project manager in April 2011, he held the position of quantity surveyor at Modular Construction, a construction company in Malaysia, from October 2002 to July 2007, where he was responsible for cost estimation and contract documents. In October 2007, he joined B&G Concept Property Sdn. Bhd., a construction company in Malaysia, as a senior quantity surveyor/cost planner for 3 years. He was responsible for contract documents, cost estimation and cost planning.

Ee Kian Yiaw, aged 39, is currently a Project Director of our Group and BGMC Corporation and he is primarily responsible for supervising and overseeing the construction projects of our Group. He graduated from the University of Hertfordshire in the United Kingdom with a Bachelor's degree in Engineering in June 2000.

Ee Kian Yiaw has over 15 years of experience in the construction field. Prior to his joining BGMC Corporation in April 2011, Ee Kian Yiaw joined Mie Industrial Sdn. Bhd., a construction company in Malaysia, in November 2000 as a trainee engineer and was subsequently promoted to project engineer. He was responsible for planning and implementing construction projects. In February 2004, Ee Kian Yiaw joined Best Ventures Snd. Bhd. as a project engineer for 7 years. He was responsible for supervision and monitoring of construction projects.

Chua Boon Tuck, aged 50, is the finance director of our Company and BGMC Corporation. He is primarily responsible for supervising and overseeing the overall financial management of our Group. He has been an associate member of the Association of International Accountants since July 2013. He received his Master of Business Administration from University of Southern Queensland, Australia in March 2009.

Chua Boon Tuck has extensive experience working in the finance and accounting field. Prior to his joining BGMC Corporation as the Finance Manager in March 2014, he joined B&G Concept Engineering Sdn. Bhd., a construction company in Malaysia, in March 2013 as finance and accounts adviser where he was responsible for maintaining the financial systems and models.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, our senior management has not been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Kwok Siu Man (郭兆文), aged 58, is the company secretary of our Company. He was admitted a fellow of the Institute of Public Accountants in Australia, the Institute of Chartered Secretaries and Administrators and the Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries ("**HKICS**") (formerly known as the Hong Kong Institute of Company Secretaries) in April 2015, October 1990, July 1996 and August 1994, respectively. He has been a fellow member of The Hong Kong Institute of Directors and The Association of Hong Kong Accountants since July and June 2014. He received his post-graduate diploma in laws from the Manchester Metropolitan University in England in July 1998 and his Bachelor's degree of arts, majoring in accountancy, from the Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) in November 1994. Kwok Siu Man passed the Common Professional Examinations in England and Wales in July 1988. He also possesses professional qualifications in tax, arbitration, securities and investment, financial planning and human resource management. In addition, he was a council member of the HKICS and the chief examiner and the reviewer for "Hong Kong Company Secretarial Practice" and "Corporate Secretaryship" modules, respectively, at HKICS.

Kwok Siu Man is an executive director and the head, corporate secretarial of Boardroom Corporate Services (HK) Limited and a director of Boardroom Share Registrars (HK) Limited. Kwok Siu Man has over 25 years of extensive in-house legal, corporate secretarial and management experience gained from reputable listed companies in Hong Kong and overseas. He has been the company secretary and a joint company secretary of a number of companies listed on the Stock Exchange.

DIRECTORS' REMUNERATION AND COMPENSATION

Details of the arrangement for remuneration of our Directors are set out in Note 10 to the sections headed "Appendix IA – Accountants' Report of the Group" and "Appendix IB – Accountants' Report of the BGMC Group" in this prospectus. Pursuant to the Directors' service agreements and section headed "Appendix IV – Statutory and General Information – Further Information about our Directors – 1. Directors service contracts" in this prospectus, the aggregate amount of directors' fee and other emoluments (excluding discretionary bonus and share-based compensation) payable to the Directors for the year ending 30 September 2017 is estimated to be approximately RM1.4 million.

The Directors and members of senior management receive compensation in the form of salaries and/or discretionary bonuses relating to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Group or executing their duties in relation to the operations. Our Group regularly reviews and determines the remuneration and compensation packages of the Directors and senior management.

After Listing, the remuneration committee will review and determine the remuneration and compensation packages of the Directors and members of the senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group.

The Directors confirm that during the Track Record Period, no remuneration had been paid by our Group to, or received by, the Directors as an inducement to join or upon joining our Group.

BOARD COMMITTEE

Audit committee

Our Company established an audit committee on 3 July 2017 with its written terms of reference in compliance with the code provisions of Code on Corporate Governance Practises and Corporate Governance Report set out in Appendix 14 to the Listing Rules pursuant to a resolution of the Directors passed on 3 July 2017. The audit committee consists of three members, being Ng Yuk Yeung, Tan Sri Kong and Chan May May. Ng Yuk Yeung serves as the chairman of the audit committee.

The primary responsibilities of the audit committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group; (ii) overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (iii) developing and reviewing the policies and practises on corporate governance with legal and regulatory requirements and requirements under the Listing Rules; and (iv) developing, reviewing and monitoring the code of conduct applicable to the employees and Directors.

Remuneration committee

Our Company established a remuneration committee on 3 July 2017 with its written terms of reference in compliance with the code provisions of Code on Corporate Governance Practises and Corporate Governance Report set out in Appendix 14 to the Listing Rules pursuant to a resolution of the Directors passed on 3 July 2017. The remuneration committee consists of three members, being Chan May May, Tan Sri Barry Goh and Ng Yuk Yeung. Chan May May serves as the chairman of the remuneration committee.

The primary responsibilities of the remuneration committee include, among others, (i) making recommendations to our Board on the policy and structure for all remuneration of Directors and senior management and on the establishment of a set of formal and transparent procedures for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; and (iii) making recommendations to our Board on the remuneration packages of Executive Directors and members of senior management.

Nomination committee

Our Company established a nomination committee on 3 July 2017 with its written terms of reference in compliance with the code provisions of Code on Corporate Governance Practises and Corporate Governance Report set out in Appendix 14 to the Listing Rules pursuant to a resolution of the Directors passed on 3 July 2017.

The nomination committee consists of three members, Tan Sri Kong, Dato' Michael Teh and Chan May May. Tan Sri Kong serves as the chairman of the nomination committee.

The primary responsibilities of the nomination committee include making recommendations to our Board regarding candidates to fill vacancies on our Board.

CORPORATE GOVERNANCE

The terms of reference of our Board in relation to its corporate governance functions include, among others, (i) developing and reviewing our Company's policies and practises on corporate governance and making recommendations to our Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and members of senior management; (iii) reviewing and monitoring our Company's policies and practises on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing our Company's compliance with the code and disclosure in the Corporate Governance Report.

COMPLIANCE ADVISER

Our Company has appointed Fortune Financial Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company, amongst others, on the following matters:

(1) the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(3) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in the Prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

*The following discussion and analysis should be read in conjunction with the consolidated financial information and accompanying notes, as at and for the financial year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 of BGMC Corporation Sdn. Bhd. and its subsidiaries (collectively "**BGMC Group**") in Appendix IB and the consolidated financial information and the accompanying notes, of our Group as at and for the period from 2 July to 30 September 2015 and year ended 30 September 2016 in Appendix IA. Since there was a change in the controlling shareholders of BGMC Group on 28 September 2015, the financial information of BGMC Group as at and for the financial year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 (date of change in controlling shareholders) could not be included in the same accountants' report of our Group as at and for the period from 2 July (date of incorporation of BGMC Builder) to 30 September 2015, year ended 30 September 2016 and the six months ended 31 March 2017. The consolidated financial information included in the accountants' report of the BGMC Group in Appendix IB and the consolidated financial information of our Group included in the accountants' report in Appendix IA have been prepared in accordance with accounting policies which conform with IFRS issued by the International Accounting Standards Board.*

The term "FY2014" refers to the financial year ended 30 September 2014, the term "FP2015" refers to the period from 1 October 2014 to 28 September 2015 and the term "FY2016" refers to the financial year ended 30 September 2016. The term "1H2016" refers to the six months ended 31 March 2016, and the term "1H2017" refers to the six months ended 31 March 2017.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those anticipated in the forward-looking statements. Factors that might cause future results to differ significantly from those anticipated in the forward-looking statements include those discussed in the section headed "Risk Factors" in this prospectus.

OVERVIEW

Founded in 1996, we are a construction services company based in Malaysia with over 20 years of operating history and are principally engaged in the provision of a wide range of construction services. Leveraging our experience and expertise in construction services, we also have the capability to undertake PPP Projects based on the BLMT model which enables us to benefit from long-term recurring cashflow. According to the Industry Report, we would rank the 21st when compared to the publicly listed construction companies in Malaysia in 2016 in terms of our revenue from our construction services business.

Construction services have been the principal business segment of our Group during the Track Record Period. It has been an integral part of our business since our establishment and contributed to the vast majority of our Total External Segment Revenue of 99.9%, 99.9%, 90.5% and 92.9% respectively for FY2014, FP2015, FY2016 and 1H2017. We are capable of providing integrated solutions for our construction services, ranging from managing, supervising and coordinating with other parties involved for efficient project execution, sourcing the necessary construction materials, and conducting quality assessment on the construction works. We also offer post-completion services, including asset management, to our customers. During the Track Record Period, we provided our customers with construction services that cover four areas: (i) building and structural construction works; (ii) mechanical and electrical installation works; (iii) earthworks and infrastructure construction works; and (iv) energy transmission and distribution works. In addition to construction services, we undertook the UiTM BLMT Project for the construction of the UiTM Campus and post-construction asset management services pursuant to the UiTM Concession Agreement.

In the early years of our business operations, we focused on the provision of building and structural construction services for small-scale projects. By tapping on the strong reputation, expertise and business networks of our Directors in particular Tan Sri Barry Goh, Dato’ Michael Teh and Dato’ Arifin, we gradually increased our construction services capabilities and expanded the scale of our operations to secure construction projects of larger scale from well-established developers. We had implemented our expansion strategy through a series of acquisitions including the acquisition of Headway Construction in September 2014 and the BME Group in May 2015, which further broadened the spectrum of our construction services and enhanced our capabilities to undertake large-scale earthworks and infrastructure works, mechanical and electrical works, as well as lift distribution and installation works.

Please refer to the section headed “Business – Our Acquisitions During the Track Record Period” in this prospectus for further details of our acquisition of KAS Engineering, Headway Construction and Built-Master Engineering.

BASIS OF PRESENTATION

This Prospectus includes two Accountant’s Reports set forth as Appendices IA and IB, respectively.

- Appendix IA sets forth the Accountant’s Report of our Group for the period 2 July 2015 to 30 September 2015, for FY2016 and for 1H2017; and

- Appendix IB sets forth the Accountant’s Report of BGMC Group for FY2014 and FP2015;

Details of the change of controlling shareholders of BGMC Group on 28 September 2015 are set out in the section headed “History, Development and Reorganisation” in this prospectus. The accountants’ report in Appendix IA includes the consolidated financial information of our Group for the period from 2 July 2015 to 30 September 2015, FY2016 and 1H2017. Since there was a change in controlling shareholders of BGMC Group on 28 September 2015, the consolidated financial information of BGMC Group for FY2014 and FP2015 could not be included in the same accountants’ report of our Group for the period from 2 July to 30 September 2015, FY2016 and 1H2017.

Although the financial year end of our Group is on 30 September and there is a gap of two days between 28 September 2015 and 30 September 2015, our Directors believe that the financial results of the BGMC Group for FP2015 can represent the full year financial perfomance. The historical year-on-year comparisons presented thereon provides a meaningful discussion and analysis of the financial results of the business of the BGMC Group and our Group during the Track Record Period after taking into consideration the following:

1. the profit or loss for the two days ended 30 September 2015 was immaterial;

2. the financial positions of our Group as at 28 September 2015 and 30 September 2015 were not materially different, save for the intangible assets, goodwill, deferred tax liabilities and consideration payables arose from the acquisition of BGMC Group by our Group; and

3. our main operations were conducted through BGMC Group throughout the Track Record Period and our Company is an investment holding company.

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 November 2016. Prior to the Global Offering, our Group underwent the Reorganisation pursuant to which the Company became the holding company of the Group. Please refer to the section headed "History, Development and Reorganisation – Reorganisation" in this prospectus for details. The Reorganisation did not result in any change in management and the ultimate owners of our Company and BGMC Builder remained the same. Accordingly, the consolidated financial information of the Company and BGMC Builder is prepared using the carrying values for periods starting from the date of incorporation of BGMC Builder as if the structure of our Company and BGMC Builder existed from 2 July 2015.

All intra-group transactions and balances have been eliminated on consolidation.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

General economic condition and regulatory environment of the Malaysia construction industry

The Malaysia construction of building industry and the construction of infrastructure industry are to a large extent affected by the conditions of the Malaysia economy. General economic conditions in Malaysia have affected and may continue to affect our business and results of operations. Our revenue directly correlates with the level of real estate development and construction activities in Malaysia. Moreover, according to the section headed "Industry Overview" in this prospectus, the Malaysia Government recently announced several social amenities and infrastructure with a total committed investment of RM74.5 billion under Budget 2017. The increase in Government expenditure stimulates the demand for construction services. Changes in national or local policies related to the Malaysia building construction industry and the infrastructure construction industry may affect the level of activities in these industries, as well as the supply of land for property development, project financing, foreign investment and taxation.

Pipeline of construction projects and our order book

Our construction works provided in Malaysia are contracted on a project-basis. The duration of the projects would be varied by the scale and complexity. As our revenue is not recurring in nature (except the UiTM BLMT Project), we have to continually secure new contracts of sufficient value. Specifically, we are highly dependent on the pipeline of such contracts which in turn is dependent on the construction projects in both public and private sectors.

Timing of projects and stage of completion

Our revenue is recognised on the stage of completion method, and billing is based on monthly progress claims. As such, our revenue is dependent not only on the number of projects, its contract value, but also on the percentage completed. Hence, the number of contracts and progress of each contract we undertake in any period will affect our results of operations and lead to fluctuations in revenue recognised from period to period. For more information on the revenue recognition, please see the Note 3 of our Group's and BGMC Group's Accountant's Reports set out in Appendices IA and IB to this prospectus, respectively.

Impact of the UiTM BLMT Project on the Group's profitability and liquidity

(a) Construction Period

During the Track Record Period, we acted as the main contractor for the construction works of the UiTM BLMT Project, and undertook the construction for the UiTM Campus for a period of three years. The construction works were completed on 25 September 2015 and accepted by UiTM on 25 November 2015. During the Construction Period, we recognised construction revenue and sub-contracting expenses in accordance with the contracts and construction progress. We received progress payments and made payments to our sub-contractors on a monthly basis, with reference to the value of work done. During the Track Record Period, we recognised revenue amounting to RM81.8 million, RM150.0 million, nil and nil, and gross profits amounting to RM0.8 million, RM1.5 million, nil and nil for FY2014, FP2015, FY2016 and 1H2017 respectively.

(b) Asset Management Services Period

Upon the acquisition of KAS Engineering on 28 September 2015, the Group recognised the rights to receive asset management income from the UiTM BLMT Project for carrying out the asset management services on the UiTM campus. The Asset Management Services Period spans across 20 years, during which our Group receives availability charges and maintenance charges for the UiTM BLMT Project, and commenced upon acceptance of completion of the university campus by UiTM on 25 November 2015. During the Asset Management Services Period, we recognise (i) income from a concession agreement and (ii) building maintenance service income in our profit or loss account.

Income from a concession agreement represents the imputed interest income on the construction work receivables.

For details of our accounting policies regarding the UiTM BLMT Project, please refer to the paragraph headed "Critical Accounting Policies – Accounting treatment for UiTM BLMT Project" in this section. For FY2016 and 1H2017, we recognised RM44.2 million and RM21.8 million, respectively, of income from a concession agreement, and also incurred RM21.0 million and RM8.9 million, respectively, of finance cost which was attributed to the term loan for financing the UiTM BLMT Project construction. However, as the income from a concession agreement is recognised by applying the effective interest method, the amount of income from a concession agreement to be recognised by our Group will reduce over the remaining Asset Management Services Period i.e., 19 years after the Track Record Period. The term loan balance will be repaid in the coming 11 years with a floating interest rate. Please see the paragraph headed "Quantitative and Qualitative Disclosures about Market Risks – (a) Interest rate risk" in this section for interest rate sensitivity analysis.

During FY2016 and 1H2017, we recognised revenue amounting to RM8.8 million and RM5.3 million, respectively as building maintenance services income, asset management costs amounted to RM3.1 million and RM2.3 million, respectively, and gross profit amounted to RM5.7 million and RM3.0 million, respectively, for the maintenance and facilities management services provided to UiTM. We recorded a gross profit margin of 64.9% and 56.1% for our concession and maintenance segment in FY2016 and 1H2017, respectively, which is higher than our other segments for the same year. Since we are entitled to receive a stable recurring income for the building maintenance services for the remaining Asset Management Services Period, our Directors expect that the impact on our Group's profitability attributable to the building maintenance service would be comparable to that of FY2016 and 1H2017 going forward.

The table below summarises the major cash flows generated from/(used in) the UiTM BLMT Project during FY2016 and the expected cash flows generated from/(used in) the UiTM BLMT Project for each year during the remaining Asset Management Services Period after Track Record Period:

	For the year ended/ending 30 September													
In RM' million / year	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029 to 2035**
Availability charges	40.9	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1	48.1
Maintenance charges	8.5	10.1	10.1	10.1	10.1	10.4	10.4	10.4	10.4	10.4	10.8	10.8	10.8	11.0
Asset management costs	(3.9)	(5.7)	(6.1)	(6.3)	(6.8)	(7.0)	(7.3)	(7.5)	(7.8)	(8.0)	(8.3)	(8.6)	(8.9)	(10.2)
Repayment of principal of the term loan	(13.3)	(31.2)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(22.8)	(13.3)	–
Finance cost on the term loan[(Note)]	(11.7)	(23.2)	(18.0)	(16.5)	(14.7)	(12.9)	(11.1)	(9.3)	(7.7)	(5.8)	(4.0)	(2.1)	(0.4)	–
Major cash inflow / Expected major cash inflow	20.5	(1.9)	11.3	12.6	13.9	15.8	17.3	18.9	20.2	21.9	23.8	25.4	36.3	48.9

Note: Expected cash outflow on finance cost on the term loan is calculated based on the interest rate as at 30 September 2016.

The following table illustrates the sensitivity of our Group's expected profit before tax and expected cash flows due to a possible change in interest rates on the term loan in relation to the UiTM BLMT Project ("**UiTM BLMT Term Loan**") with all other variables held constant at the end of each period:

	For the year ending 30 September										
In RM' 000 /year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**
Decrease/increase in interest rate on the UiTM BLMT Term Loan by:											
50 basis points	+/-1,204	+/-1,090	+/-976	+/-863	+/-749	+/-635	+/-521	+/-408	+/-294	+/-180	+/-66
100 basis points	+/-2,408	+/-2,181	+/-1,953	+/-1,725	+/-1,498	+/-1,270	+/-1,043	+/-815	+/-588	+/-360	+/-133

Note: The above sensitivity analysis is prepared based on the assumption that the outstanding balance on UiTM BLMT Term Loan as at each year ending 30 September 2027 existed throughout the whole respective financial years.

(c) Breakeven Point and Investment Payback Point

We consider our UiTM BLMT Project to have reached a profit breakeven point when the income generated from the availability charges and maintenance charges at least equal to the operating expenses and the finance cost on the term loan, and a cashflow breakeven point when the pre-tax cash inflow from the availability charges and maintenance charges at least equal to the cash outflow on operating expenses and finance cost on the term loan. Our UiTM BLMT Project has reached both profit breakeven point and cashflow breakeven point in the year ended 30 September 2016.

We define the investment payback point on the UiTM BLMT Project to be time when the accumulated pre-tax operating cashflow generated from the UiTM BLMT Project (net of finance cost on the term loan) equals to the initial investment costs incurred on the construction of the UiTM campus. We estimated that our UiTM BLMT Project will reach the investment payback point in the year ending 30 September 2024.

Fluctuation of sub-contracting costs and raw material costs

Our sub-contracting costs and raw material costs represent our major components of cost of sales. Our sub-contracting costs accounted for 65.2%, 66.7%, 40.5% and 44.7% of our cost of sales for FY2014, FP2015, FY2016 and 1H2017, respectively, while our raw material costs accounted for 18.3%, 18.5%, 36.7% and 31.8% of our cost of sales for FY2014, FP2015, FY2016 and 1H2017, respectively. The sub-contracting costs and raw material costs may be subject to fluctuations as a result of various factors beyond our control, such as global economic and financial conditions and sub-contractors' business strategies. In addition, since we have no long-term service contracts with our sub-contractors, sub-contracting prices are subject to market fluctuations from time to time. Since our services face keen competition, we may not be able to shift the increase in sub-contracting costs to our customers, and our business, financial condition and results of operations may be adversely affected.

For FY2014, FP2015, FY2016 and 1H2017, our gross profit amounted to RM17.0 million, RM35.1 million, RM104.3 million and RM65.9 million, respectively. The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our sub-contracting costs on our gross profit during FY2014, FP2015, FY2016 and 1H2017. Fluctuations in our sub-contracting costs are assumed to be 5% and 10% with reference to historical fluctuations.

Sensitivity analysis for subcontracting costs	**+/-5%**	**+/-10%**
Hypothetical fluctuations(1)	*RM'000*	*RM'000*
Increase/decrease in sub-contracting costs		
FY2014	+/-7,275	+/-14,550
FP2015	+/-13,014	+/-26,028
FY2016	+/-8,356	+/-16,712
1H2017	+/-6,546	+/-13,092
Increase/decrease in gross profit(2)		
FY2014	-/+7,275	-/+14,550
FP2015	-/+13,014	-/+26,028
FY2016	-/+8,356	-/+16,712
1H2017	-/+6,546	-/+13,092

Notes:

(1) *Hypothetical fluctuation is assumed to be 5% and 10% with reference to historical fluctuations.*

(2) *Save for the hypothetical fluctuation in sub-contracting costs effect, all other factors are assumed to be unchanged.*

For FY2014, FP2015, FY2016 and 1H2017, our gross profit amounted to RM17.0 million, RM35.1 million, RM104.3 million and RM65.9 million, respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if the sub-contracting costs increased by 11.7%, 13.5%, 62.4% and 50.3%, respectively, from the corresponding period.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our raw material costs on our gross profit during FY2014, FP2015, FY2016 and 1H2017. Fluctuations in our raw material costs are assumed to be 10% and 20%.

Sensitivity analysis for raw material costs	**+/-10%**	**+/-20%**
Hypothetical fluctuations[(1)]	*RM'000*	*RM'000*
Increase/decrease in raw material costs		
FY2014	+/-4,078	+/-8,157
FP2015	+/-7,210	+/-14,419
FY2016	+/-15,143	+/-30,286
1H2017	+/-4,660	+/-9,319
Increase/decrease in gross profit[(2)]		
FY2014	-/+4,078	-/+8,157
FP2015	-/+7,210	-/+14,419
FY2016	-/+15,143	-/+30,286
1H2017	-/+4,660	-/+9,319

Notes:

(1) *Hypothetical fluctuation is assumed to be 10% and 20% with reference to historical price fluctuations in our major raw materials, including steel bars and concrete.*

(2) *Save for the hypothetical fluctuation in raw materials costs effect, all other factors are assumed to be unchanged.*

For FY2014, FP2015, FY2016 and 1H2017, our gross profit amounted to RM17.0 million, RM35.1 million, RM104.3 million and RM65.9 million, respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if the raw materials costs increased by 41.8%, 48.7%, 68.9% and 70.7%, respectively, from the corresponding period.

For details of impact by acquisition of KAS Engineering, see the paragraph headed "Critical Accounting Policies – Summary for UiTM BLMT Project" in this section.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of BGMC Group's and our Group's financial position and results of operations contained in this prospectus is based on the consolidated financial statements prepared using the significant accounting policies set forth in note 3 of the Accountants' Reports set out in Appendices IA and IB to this prospectus, which conform with the IFRSs.

Our Directors believes that certain significant accounting policies are important to the presentation of its financial results and positions, which are set out below:

Business combinations

For details of our accounting policies regarding business combinations, please refer to the section headed "Appendices IA and IB — Accountants' Reports — (A) Notes to the financial information — 3. Significant accounting policies — Business combinations" in this prospectus.

Goodwill

For details of our accounting policies regarding goodwill, please refer to the section headed "Appendices IA and IB — Accountants' Report — (A) Notes to the financial information — 3. Significant accounting policies — Goodwill" in this prospectus.

Intangible assets acquired in a business combination

For details of our accounting policies regarding intangible assets acquired in a business combination, please refer to the section headed "Appendices IA and IB — Accountants' Report — (A) Notes to the financial information — 3. Significant accounting policies — Intangible assets acquired in a business combination" in this prospectus.

Revenue recognition

For details of our accounting policies regarding revenue recognition, please refer to the section headed "Appendices IA and IB — Accountants' Report — (A) Notes to the financial information — 3. Significant accounting policies — Revenue recognition" in this prospectus.

Construction contracts

For details of our accounting policies regarding construction contracts, please refer to the section headed "Appendices IA and IB — Accountants' Report — (A) Notes to the financial information — 3. Significant accounting policies — Construction contracts" in this prospectus.

Accounting treatment for UiTM BLMT Project

KAS Engineering entered into a concession agreement on 14 March 2012 with UiTM and the Government of Malaysia (the "Government") as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the financing, planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of the UiTM Campus in Dengkil, Malaysia and to carry out the asset management services in relation to the maintenance of the facilities and infrastructure.

This concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works commencing immediately from the date when the construction and related infrastructure works were accepted by UiTM and ending on the 23rd anniversary of the commencement date (the "Maintenance Period"). The maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Maintenance Period (the "Repayment Period").

A. Services revenue and costs

(i) Construction Services

Revenue and costs in relation to the construction of the UiTM Campus are recognised by reference to the stage of completion of the contract activity at the end of each reporting period and are measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, in accordance with IAS 11 *Construction Contracts*. Contract costs incurred plus the recognised profits are included as amounts due from customers for contract works. The fair value of the consideration receivable for the construction services delivered during the stage of construction is measured by discounting the availability charges to be received over the Asset Management Services Period by using an effective interest rate of 15.1% per annum (which represents the estimated pre-tax rate of return that a market participant would expect in entering such a concession arrangement).

The construction of the facilities and infrastructures of the university campus were completed on 25 September 2015. Since all contract revenue and costs in respect of the construction of UiTM campus were recognised before KAS Engineering became a wholly-owned subsidiary of BGMC Corporation on 28 September 2015, such revenue and costs were not consolidated to the profit or loss account of the Group. Upon acceptance of completion of the UiTM campus by UiTM on 25 November 2015, the balance previously recognised as amounts due from customers for contract works arising from the acquisition of KAS Engineering by BGMC Corporation was reclassified to trade receivables from UiTM in the consolidated statement of financial position of the Group.

Imputed interest income on such trade receivables is then recognised throughout the Asset Management Services Period, by applying an effective interest rate of 15.1% per annum to the outstanding carrying amount of such financial assets in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. Such trade receivables are settled by equal monthly availability charges over the repayment period.

The substance of the arrangement is for KAS Engineering to build infrastructure of a university to be operated by UiTM, while at the same time providing only maintenance services to UiTM for a future period, instead of acting as the operator of the university on its own behalf or on behalf of grantor. Despite the provision of incidental maintenance service under the UiTM Concession Agreement, the current arrangement does not enable KAS Engineering to operate the relevant infrastructure nor manage how it is operated despite the contractual terms of “asset management” and “concession”, and failing the very basic prerequisite of the application of IFRIC 12, which is “public-to-private service concession arrangements” for operators of infrastructures as discussed in paragraphs 4 to 9 of IFRIC 12. Therefore, such an arrangement does not fall under the scope of IFRIC-12 *Service Concession Agreements*.

(ii) Asset Management Services

Upon KAS Engineering becoming a wholly-owned subsidiary of BGMC Corporation on 28 September 2015, the Group recognised the rights to receive asset management income from the UiTM BLMT Project for carrying out the asset management services on the UiTM Campus. In accordance with IFRS 3 *Business Combinations*, the rights to receive asset management income (intangible assets) acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value on the acquisition date. The fair value of the rights on management service income is RM9.5 million and is determined using the discounted cash flow method by discounting the cash flow projection from such asset management services by a discount rate of 17.0% (based on weighted average cost of capital plus premium for specific risk associated with such management services).

The carrying amount of such rights on management services income is amortised on the straight-line method over 20 years.

B. Impairment Assessment Performed on the Relevant Receivables and Intangible Assets throughout the Concession Period

The management reviews the recoverable amount of the trade receivable arising from the construction services and intangible assets arising from asset management services at the end of each reporting period by monitoring the collection of availability charges over the Asset Management Services Period. No impairment loss has been recognised in respective of such trade receivables and intangible assets in view that there are continuous repayments of the availability charges by the counter-party during the Track Record Period.

*C. Accounting treatment for other BLMT projects to be undertaken by the Group in future (the "**future BLMT Projects**")*

Provided that the contractual terms and arrangements of the future BLMT Projects are similar to that of UiTM BLMT Project, which involves the provision of construction and maintenance services only but without any operation services, the future BLMT Projects would follow the same accounting treatment of UiTM BLMT Project as described above. In addition, the contract revenue and costs in respect of the construction services involved in the future BLMT Projects would be recognised in accordance with IAS 11 *Construction Contracts* (which will be superseded by IFRS 15 *Revenue from Contracts with Customers* when it becomes effective).

Mismatch between revenue and cash flows from the UiTM BLMT Project

Income from a concession agreement, representing imputed interest income from financial assets arising from a concession agreement, is recognised in the profit or loss account by applying the effective interest rate (i.e. the rate that exactly discounts the estimated future cash receipts throughout the expected life of the financial asset to that asset's net carrying amount on initial recognition) to the outstanding carrying amount of such financial assets in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The financial asset is settled by equal monthly availability charges over the repayment period. The fact that our income from concession agreement is recognised by applying the effective interest rate and we receive equal monthly cash inflow from availability charges results in a mismatch between our Group's profits and cash flows in relation to the UiTM BLMT Project.

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of our Group's accounting policies, which are described in note 3 of the Accountants' Reports set out in Appendices IA and IB to this prospectus, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Construction contracts

Our Group recognises contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised.

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Our Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the consolidated statements of profit or loss and other comprehensive income, income tax and deferred tax provisions in the period in which such determination is made. As at 30 September 2015, 30 September 2016 and 31 March 2017, our Group has tax recoverable of nil, RM270,561 and nil respectively, tax liabilities of RM10,564,401, RM20,562,986 and RM27,839,832 respectively, deferred tax assets of RM5,561,000, nil and nil respectively, and deferred tax liabilities of RM7,776,364, RM7,637,422 and RM10,465,945 respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires our Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 September 2015, 30 September 2016 and 31 March 2017, the carrying amounts of goodwill are RM9,244,406, RM9,244,406 and RM9,244,406 respectively. For details of the recoverable amount calculation, please refer to the section headed "Appendix IA – Accountants' Report of the Group – Notes to historical financial information – 14. Goodwill" and "Appendix IB – Accountants' Report of the BGMC Group – Notes to BGMC Corporation historical financial information – 17. Goodwill" in this prospectus.

RESULTS OF OPERATIONS

The following table summarises the selected items in our consolidated statements of profit or loss and other comprehensive income for FY2014, FP2015, FY2016, 1H2016 and 1H2017, extracted from the Accountant's Reports in Appendices IA and IB to this prospectus.

	BGMC Group		Our Group		
	FY2014	**FP2015**	**FY2016**	**1H2016**	**1H2017**
	RM'000	*RM'000*	*RM'000*	*RM'000* *(Unaudited)*	*RM'000*
Revenue	240,179	425,593	516,879	229,094	359,093
Cost of sales	(223,133)	(390,465)	(412,618)	(180,674)	(293,185)
Gross profit	17,046	35,128	104,261	48,420	65,908
Income from a concession agreement	–	–	44,240	15,493	21,839
Other income	126	213	231	41	275
Administrative and other expenses	(6,055)	(10,536)	(38,252)	(15,786)	(31,744)
Other gains	200	4,996	19	19	–
Finance costs	(1,201)	(3,465)	(23,868)	(11,772)	(9,818)
Share of results of:					
Associates	36	114	–	–	–
A joint venture	–	184	–	–	–
Profit before tax	10,152	26,634	86,631	36,414	46,460
Income tax expense	(2,966)	(5,720)	(21,650)	(9,980)	(14,906)
Profit and total comprehensive income for the year/ period	7,186	20,914	64,981	26,434	31,554

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generated most of our revenue from construction works and building maintenance service during FY2014, FP2015, FY2016, 1H2016 and 1H2017. We generated revenue of approximately RM240.2 million, RM425.6 million, RM516.9 million, RM229.1 million and RM359.1 million for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively.

Our segment revenue is segmented according to type of works and nature of income derived from different types of construction work performed as stipulated in contracts and they are separately assessed and managed according to different in nature of works. The following table sets forth the breakdown of our Total External Segment Revenue for the periods indicated:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment Revenue	Segment revenue	Percentage of Total External Segment revenue[2]	Segment revenue	Percentage of Total External Segment revenue[2]
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
							(Unaudited)			
Building and structures	240,044	99.9	424,329	99.7	371,295	66.2	166,251	68.0	267,723	70.3
– Construction of UiTM Campus[1]	81,826	34.1	150,048	35.3	–	–	–	–	–	–
– Others	158,218	65.8	274,281	64.4	371,295	66.2	166,251	68.0	267,723	70.3
Energy transmission and distribution	–	–	–	–	23,248	4.1	5,565	2.3	26,678	7.0
Mechanical and electrical	–	–	1,039	0.2	18,462	3.3	3,370	1.4	26,010	6.8
Earthworks and infrastructure	–	–	–	–	95,058	16.9	51,171	20.9	33,400	8.8
Total construction contracts revenue	240,044	99.9	425,368	99.9	508,063	90.5	226,357	92.6	353,811	92.9
Concession and maintenance										
– Income from a concession agreement[2]	–	–	–	–	44,240	7.9	15,493	6.3	21,839	5.7
– Building maintenance service income	–	–	–	–	8,793	1.6	2,737	1.1	5,282	1.4
Others	135	0.1	225	0.1	23	0.0	–	–	–	–
Total External Segment Revenue	240,179	100.0	425,593	100.0	561,119	100.0	244,587	100.0	380,932	100.0

Notes:

(1) *On 14 March 2012, the UiTM BLMT Project was awarded to KAS Engineering, whose then shareholders were Tan Sri Barry Goh, our founder, Dato Arifin, our Executive Director, Dato Michael Teh, our Executive Director, Mazlan bin Yusof, and an Independent Third Party. On 21 May 2012, KAS Engineering appointed our Group as its main contractor for the construction of UiTM Campus, which was completed on 25 November 2015. Subsequently in July 2012 and September 2015, BGMC Corporation acquired 25.0% and 75.0% interests in KAS Engineering, respectively, and became the sole shareholder of the latter from then onwards.*

(2) *Income from a concession agreement is disclosed as a separate line item in the consolidated statements of profit or loss and other comprehensive income. Income from a concession agreement represents the imputed interest income on the construction work receivables.*

A large portion of segment revenue generated from building and structures represented 99.9%, 99.7%, 66.2%, 68.0% and 70.3% of Total External Segment Revenue for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively. For FY2016, we have expanded our revenue streams into other construction services and concession and maintenance services.

Cost of sales

Our cost of sales mainly comprises sub-contracting costs, raw materials, labour costs, assets maintenance costs and other supplies. The following table sets forth a breakdown of our cost of sales for the periods indicated:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
							(Unaudited)			
Sub-contracting costs	145,502	65.2	260,275	66.7	167,116	40.5	65,526	36.3	130,924	44.7
Raw material costs	40,783	18.3	72,095	18.5	151,429	36.7	65,007	36.0	93,189	31.8
Rental of equipment and machineries	13,543	6.1	24,161	6.2	42,049	10.2	20,881	11.6	22,343	7.6
Labour costs	6,066	2.7	11,402	2.9	15,417	3.7	6,667	3.7	22,652	7.7
Assets management costs	–	–	–	–	3,083	0.8	1,074	0.6	2,321	0.8
Others	17,239	7.7	22,532	5.7	33,524	8.1	21,520	11.8	21,756	7.4
	223,133	100.0	390,465	100.0	412,618	100.0	180,674	100.0	293,185	100.0

During FY2014, FP2015, FY2016, 1H2016 and 1H2017, our direct costs incurred mainly comprised (i) sub-contracting fees, (ii) raw material costs, (iii) rental of equipment and machineries, (iv) labour costs and (v) others. Sub-contracting fees include the payments to sub-contractors for carrying out the works as laid down in a sub-contracting agreement. Raw material costs include the costs for purchase of raw materials such as steel bars, concrete, etc. Labour costs represent remuneration to employees directly attributable to the projects. Assets management costs represent costs incurred for maintenance and management of UiTM Campus. Others represent the preliminaries costs and costs in maintaining the site office at the construction sites.

Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments for the periods indicated:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000* *(Unaudited)*	*%*	*RM'000*	*%*
Building and structural	17,036	7.1	34,451	8.1	76,852	20.7	36,669	22.1	48,292	18.0
– Construction of UiTM Campus	818	1.0	1,500	1.0	–	–	–	–	–	–
– Others	16,218	10.3	32,951	12.0	76,852	20.7	36,669	22.1	48,292	18.0
Energy transmission and distribution	–	–	–	–	4,392	18.9	970	17.4	4,914	18.4
Mechanical and electrical	–	–	534	19.0	7,689	41.6	3,858	42.4	6,114	18.6
Earthworks and infrastructure	–	–	–	–	9,618	10.1	5,260	10.3	3,627	10.9
Concession and maintenance – building maintenance service income	–	–	–	–	5,710	64.9	1,663	60.8	2,961	56.1
Others	10	8.0	143	63.0	–	–	–	–	–	–
	17,046	7.1	35,128	8.3	104,261	20.2	48,420	21.1	65,908	18.4

Our fluctuation in gross profit margin during FY2014, FP2015, FY2016, 1H2016 and 1H2017 was primarily attributable to the difference in percentage of completion of projects with different gross profit margins during the periods. The gross profit of building and structural segment increased from FP2015 to FY2016 mainly due to: (i) the construction of UiTM Campus carried out during FY2014 and FP2015 is of a relatively low gross profit margin due to sub-contracting of the project which significantly lowered the overall gross profit margin in FY2014 and FP2015 when this project had major progress; (ii) more progress on higher profit margin projects, for instance, Project D'Pristine@Medini and Project V-Residency 2, had been made in FY2016; and (iii) we invested more in machineries and site equipment from FP2015 and certain projects used such self-owned machineries and site equipment that part of the costs of sales for those projects will be saved. Therefore, gross profit generally increased for different projects. Further, our acquisition during FP2015 of the mechanical and electrical business segment had ongoing projects in FY2016 which had relatively higher gross profit margin. In addition, our new concession and maintenance segment in FY2016 has contributed to the increase in gross profit margin by its high gross profit margin of 64.9%. In addition to aforesaid factors, our gross profit margin for building and structural segment also improved from FP2015 to FY2016 mainly due to revision of budget for certain projects in FY2016, as a result of: (i) cost savings in certain of our sizable projects, including Project D'Pristine@Medini, due to the adoption of different construction methods and materials, resulting from our value engineering services, as agreed with the customer and thus our cost savings were reflected during the year; and (ii) changes in the original scope of work including additional mechanical & engineering works and interior design works of certain projects that result in the revision of budget costs. Our gross profit margin slightly decreased to 18.4% during 1H2017 which was primarily due to (i) decrease in gross profit margin in our building and structures segment, mainly attributable to Project D'Pristine@Medini and Project V-Residency 2 in 1H2017; and (ii) decrease in gross profit margin in our mechanical and electrical segment as several of our mechanical and electrical projects were at their mature construction stage.

When our projects progress, there may be circumstances, whether in our control or not, which could lead to a more favourable or less than expected actual profit margin. Our projects often span across more than one financial year, and therefore for the same project of the same customer, the project profit margin may vary from year to year. There are a number of factors that affect the project profit, such as (i) changes in the original scope of work that result in cost implications, such as change in design, additional work, and omission of work, which leads to amendments of budget; (ii) price adjustments to the contract price based on the cost savings achieved by our value engineering services; (iii) actual cost savings achieved during the course of the projects, such as effective cost controls over sub-contractors and material sourcing, increase in capital investments leading to a reduction in machinery rental cost; and (iv) variation of actual costs incurred as compared to the budgeted costs due to changes in project progression resulting from changes in site conditions, weather or other complexities of the project. A project may progress at a different speed in a different period due to different complexity, construction programme, site condition and weather condition, and as such actual costs incurred can differ from the budgeted cost.

Our Directors are of the view that policies and procedures have been established to provide guidance to our Chief Executive Officer, project directors and contract executives on the budgeting of construction projects. Our contract department, with the assistance of project directors, is responsible for preparing a budget for each construction project which is required to be reviewed and approved by our Chief Executive Officer. The budget typically covers an estimation of the costing of the project, such as expenses on payrolls, raw materials and machinery. Any amendment to the budget requires review and approval from our Chief Executive Officer. In addition, periodic progress reports are submitted to our Chief Executive Officer for review and approval, which are subsequently passed to the relevant consultants and main contractors of the project (if any) for endorsement. In light of the above internal control measures in place and that our Directors are not aware of any material over-expenditure of construction projects during the Track Record Period, our Directors believe that our Company has effective internal control over project cost estimation. For details, please refer to the paragraph headed "Review of Historical Results of Operations — FY2016 Compared to FP2015 — Gross profit and gross profit margin" in this section.

Administrative expenses

Our administrative expenses primarily comprise staff costs, depreciation and amortisation, directors' remuneration, operating lease expenses, auditor remuneration, and others.

The following table sets forth a breakdown of our administrative and other expenses for the periods indicated:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
							(Unaudited)			
Staff costs	3,038	50.2	7,080	67.2	19,547	51.1	8,155	51.7	13,510	42.6
Amortisation of intangible assets	–	–	–	–	8,152	21.3	3,405	21.6	4,988	15.7
Depreciation of property, plant and equipment	851	14.0	1,476	14.0	5,144	13.5	2,076	13.2	3,634	11.4
Listing expenses	–	–	–	–	2,187	5.7	-	0.0	3,031	9.5
Directors' remuneration	291	4.8	761	7.3	465	1.2	224	1.4	255	0.8
Rental of premises	156	2.6	255	2.4	360	0.9	186	1.2	245	0.8
Auditor remuneration	47	0.8	99	0.9	218	0.6	87	0.5	115	0.4
Others	1,672	27.6	865	8.2	2,179	5.7	1,653	10.4	5,966	18.8
	6,055	100.0	10,536	100.0	38,252	100.0	15,786	100.0	31,744	100.0

Our administrative and other expenses accounted for 2.5%, 2.5%, 7.4%, 6.9% and 8.8% of total revenue for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively. Our administrative expenses increased throughout the three and a half financial years ended 31 March 2017 mainly due to (i) increase in staff costs as number of staff increased through acquisitions of subsidiaries and increase in number of site administrative staff as number of projects increased; (ii) increase in amortisation for intangible assets arising from acquisitions; (iii) increase in depreciation as we invested more in plant and equipment; and (iv) increase in listing expenses of RM2.2 million for FY2016 and RM3.0 million for 1H2017.

Income from a concession agreement

Our income from a concession agreement represents the imputed interest on the trade receivable in relation to future cash receipts of availability charge under UiTM BLMT Project. Our income from a concession agreement increased from nil for FP2015 to RM44.2 million for FY2016 mainly due to the imputed interest started to accrue from the acceptance of the university campus by UiTM in November 2015. Our income from a concession agreement increased from RM15.5 million for 1H2016 to RM21.8 million for 1H2017, as income recognised for 1H2017 covered a period of six months compared with that of approximately four and a half months for 1H2016.

Other income

Other income mainly consists of bank interest income, rental income and others. Our other income recorded RM0.1 million, RM0.2 million, RM0.2 million, RM41,000 and RM0.3 million for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively, which was not significant and relatively stable.

Other gains – net

Other gains mainly consists of gain on deemed disposal of a joint venture, Headway Construction, and gain on disposal of subsidiaries. Our other gains recorded RM0.2 million, RM5.0 million, RM19,000, RM19,000 and nil for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively. The fluctuations during the Track Record Period are mainly attributable to the non-recurring nature of the other gains.

Finance costs

Finance costs comprise interest charges on our interest-bearing bank borrowings, finance leases and loan commitments. Our finance costs amounted to RM1.2 million, RM3.5 million and RM23.9 million for FY2014, FP2015 and FY2016, respectively. The increase from RM3.5 million for FP2015 to RM23.9 million for FY2016 was mainly due to increase in bank borrowing balance. Our finance costs amounted to RM11.8 million and RM9.8 million for 1H2016 and 1H2017, respectively. The decrease was mainly due to decrease in bank borrowing balance.

Share of results of associates and a joint venture

Share of results of associates amounted to RM36,000, RM114,000, nil, nil and nil for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively. Share of results of a joint venture amounted to nil, RM184,000, nil, nil and nil for FY2014, FP2015, FY2016, 1H2016 and 1H2017, respectively. They all dropped to nil in FY2016 is due to our acquisitions of additional interests in an associate and the joint venture during FP2015, which turned them into subsidiaries of our Group, and disposal of two associates during FP2015.

Income tax expense

Income tax expenses represents income tax paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate in or are domiciled in. We had no tax payable in any tax jurisdiction other than Malaysia during the Track Record Period.

All our group companies incorporated in Malaysia are subject to income tax at a standard income tax rate of 25% for FY2014 and FP2015 and 24% for FY2016 and 1H2017.

For FY2014, FP2015, FY2016, 1H2016 and 1H2017, our income tax expenses were RM3.0 million, RM5.7 million, RM21.6 million, RM10.0 million and RM14.9 million, respectively, and our effective tax rate for the same period was 29.2%, 21.5%, 25.0%, 27.4% and 32.1%, respectively. The effective tax rate was calculated on income tax expense divided by profit before tax for the respective period.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled our income tax obligations and have not had unresolved income tax issues or disputes with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

1H2017 compared to 1H2016

Revenue

Our revenue increased by RM130.0 million or 56.8% from RM229.1 million for 1H2016 to RM359.1 million for 1H2017. Such increase was driven by i) increase in revenue from building and structures of RM101.5 million; ii) increase in revenue from mechanical and electrical segment of RM22.6 million; iii) increase in revenue from energy transmission and distribution of RM21.1 million; and iv) increase in revenue from building maintenance service income of RM2.5 million; and was partially offset by decrease in revenue from earthworks and infrastructure of RM17.8 million.

The following table sets forth an analysis of the top five building and structures projects ("**Top Five Revenue Projects**") in terms of total revenue contributed during the Track Record Period:

	FY2014		FP2015		FY2016		1H2016		1H2017	
	Segment revenue	**Percentage of Total External Segment Revenue**	**Segment revenue**	**Percentage of Total External Segment Revenue**	**Segment revenue**	**Percentage of Total External Segment Revenue**	**Segment revenue**	**Percentage of Total External Segment revenue[2]**	**Segment revenue**	**Percentage of Total External Segment revenue[2]**
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%* *(Unaudited)*	*RM'000*	*%*
Construction of UiTM Campus	81,826	34.1	150,048	35.3	–	–	–	–	–	–
Project D'Pristine@Medini	24,461	10.2	40,572	9.5	82,352	14.7	32,609	13.3	81,666	21.4
Project V-Residency 2	9,963	4.1	26,414	6.2	61,857	11.0	26,535	10.8	55,517	14.6
Project Kingsley Land	18,132	7.5	39,432	9.3	18,821	3.4	12,351	5.0	4,395	1.2
Project International School	23,080	9.6	22,701	5.3	28,649	5.1	19,351	7.9	4,854	1.3
Remaining projects	82,582	34.4	145,162	34.1	179,616	32.0	75,405	31.0	121,291	31.9
Building and structures	240,044	99.9	424,329	99.7	371,295	66.2	166,251	68.0	267,723	70.3

Revenue from building and structures

Our revenue from building and structures segment increased by RM101.5 million or 61.0% from RM166.3 million for 1H2016 to RM267.7 million for 1H2017. Such increase is mainly due to i) the work progress of the Top Five Revenue Projects which in aggregate contributed RM146.4 million in revenue of 1H2017, representing an increase of RM55.6 million from revenue contributed by the same projects in 1H2016; and ii) revenue contributed by several newly commenced projects in the remaining projects category, for instance, the refurbishment project for the National and Hockey Stadium which contributed RM25.8 million revenue during 1H2017.

Revenue from energy transmission and distribution

Our revenue from energy transmission and distribution increased by RM21.1 million or 376.8% from RM5.6 million for 1H2016 to RM26.7 million for 1H2017. Such increase was mainly due to the increase in the number of energy transmission and distribution projects undertaken during 1H2017, as well as four sizable projects of which significant progress were achieved.

Revenue from mechanical and electrical

Our revenue from mechanical and electrical increased by RM22.6 million or 671.8% from RM3.4 million for 1H2016 to RM26.0 million for 1H2017. The increase was primarily due to extensive work progress and revenue recognised on one of the largest mechanical and electrical installation project which was close to completion in 1H2017.

Revenue from earthworks and infrastructure

Our revenue from earthworks and infrastructure decreased by RM17.8 million or 34.7% from RM51.2 million for 1H2016 to RM33.4 million for 1H2017. The decrease was primarily due to the completion of a major project in early 2016, which was the largest earthworks and infrastructure construction project completed during the Track Record Period.

Revenue from concession and maintenance – building maintenance service

Our revenue of building maintenance service from concession and maintenance increased by RM2.5 million or 93.0% from RM2.7 million for 1H2016 to RM5.3 million for 1H2017. The increase was primarily due to longer time covered and the provision of such service recognised for 1H2017, compared with that for 1H2016 as the UiTM BLMT Project commenced in November 2015.

Cost of sales

Our cost of sales increased by RM112.5 million or 62.3% from RM180.7 million for 1H2016 to RM293.2 million for 1H2017. Such increase was mainly due to the continuous expansion of our business reflected by the increase in number of projects undertaken and revenue recognised during 1H2017.

Gross profit and gross profit margin

Our overall gross profit increased by RM17.5 million or 36.1% from RM48.4 million for 1H2016 to RM65.9 million for 1H2017. The increase in gross profit were due to the increase in our revenue. Our overall gross profit margin slightly decreased from 21.1% for 1H2016 to 18.4% for 1H2017, which was mainly due to the decrease in gross profit margin in our building and structures segment, from 22.1% in 1H2016 to 18.0% in 1H2017.

The following table sets forth a breakdown of our gross profit margin of building and structures segment during the Track Record Period:

	FY2014		**FP2015**		**FY2016**		**1H2016**		**1H2017**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
							(Unaudited)			
Construction of UiTM Campus	818	1.0	1,500	1.0	–	–	–	–	–	–
Project D'Pristine@Medini	1,716	7.0	2,847	7.0	20,500	24.9	12,044	36.9	13,883	17.0
Project V-Residency 2	875	8.8	2,321	8.8	13,531	21.9	7,527	28.4	3,659	6.6
Project Kingsley Land	2,266	12.5	4,929	12.5	2,914	15.5	2,067	16.7	546	12.4
Project International School	2,889	12.5	2,842	12.5	5,464	19.1	4,135	21.4	694	14.3
Remaining projects	10,429	10.7	20,012	11.9	34,443	19.1	10,896	14.4	29,510	24.3
Building and structures	17,036	7.1	34,451	8.1	76,852	20.7	36,669	22.1	48,292	18.0

Our gross margin of building and structures segment was higher in 1H2016 and was mainly attributable to: i) Project D'Pristine@Medini which had a cost savings agreed with the customer during

1H2016 and the resulting increase in the gross profit was recognised in the same period, leading to a significantly higher gross profit margin for this project during 1H2016 as compared to 1H2017; ii) an upward revision of contract sum which resulted in a higher than usual gross margin of Project V-Residency 2 in 1H2016; and iii) the gross profit margin for Project V-Residency 2 in 1H2017 was dragged down mainly due to an extension to the project during 1H2017 where costs were incurred but corresponding revenue is yet to be recognised pending the customer's confirmation of the respective budget revision.

Administrative expenses

Our administrative expenses increased by RM16.0 million or 101.1% from RM15.8 million for 1H2016 to RM31.7 million for 1H2017. Such increase was mainly due the increase in staff costs, depreciation as well as the non-recurring listing expenses.

Other income

Our other income increased from RM41,000 for 1H2016 to RM0.3 million for 1H2017, which was mainly due to the increase in our interest income from fixed deposits.

Other gains

Our other gains decreased from RM19,000 for 1H2016 to nil for 1H2017, as there was a gain on disposal of motor vehicle in 1H2016.

Finance costs

Our finance costs decreased by RM2.0 million or 16.6% from RM11.8 million for 1H2016 to RM9.8 million for 1H2017. Such decrease was generally in line with decrease in interest-bearing bank borrowings.

Income tax expense

Our income tax expense increased by RM4.9 million or 49.4% from RM10.0 million for 1H2016 to RM14.9 million for 1H2017. The increase was in line with increase in profit before tax. Our effective tax rate increased from 27.4% for 1H2016 to 32.1% for 1H2017 primarily due to tax effect of the non-deductible non-recurring listing expenses incurred in 1H2017.

Profit for the year

As a result of the foregoing, our profit for the year increased by RM5.1 million or 19.4% from RM26.4 million for 1H2016 to RM31.6 million for 1H2017. Our net profit margin dropped from 11.5% for 1H2016 to 8.8% for 1H2017, which was mainly due to the increase in staff costs, depreciation and non-recurring listing expenses for 1H2017.

FY2016 compared to FP2015

Revenue

Our revenue increased by RM91.3 million or 21.5% from RM425.6 million for FP2015 to RM516.9 million for FY2016. Such increase was contributed by i) increase in revenue from mechanical and electrical segment of RM17.4 million, ii) increase in revenue from energy transmission and distribution of RM23.2 million; iii) revenue recognised from the new earthworks and infrastructure segment of RM95.1 million, iv) building maintenance service revenue of RM8.8 million, and v) partially offset by decrease in revenue from building and structures of RM53.0 million which was mainly due to the completion of Construction of UiTM Campus depsite increase in revenue from other projects at different stages of completion.

Revenue from building and structures

Our revenue from building and structures decreased by RM53.0 million or 12.5% from RM424.3 million for FP2015 to RM371.3 million for FY2016. The decrease was a combined result of decrease in revenue from certain large projects, for example, Construction of UiTM Campus completed in FP2015 which contributed a revenue of RM150.0 million, in FP2015 partially offset by higher revenue contribution by other projects which made more progress, such as Project V-Residency 2, Project D'Pristine@Medini and remaining projects, which contributed RM35.4 million, RM41.8 million and RM34.8 million more in revenue than they contributed in FP2015.

Revenue from energy transmission and distribution

Our revenue from energy transmission and distribution increased by RM23.2 million from nil for FP2015 to RM23.2 million for FY2016. The increase was primarily due to commencement of 16 new projects during FY2016.

Revenue from mechanical and electrical

Our revenue from mechanical and electrical increased by RM17.5 million from RM1.0 million for FP2015 to RM18.5 million for FY2016. The increase was primarily due to (i) full year result was consolidated in FY2016 while result for four months was consolidated in FP2015 after acquisition in May 2015; and (ii) substantial completion of a large project in Melawati.

Revenue from earthworks and infrastructure

Our revenue from earthworks and infrastructure increased by RM95.1 million from nil for FP2015 to RM95.1 million for FY2016. The increase was primarily due to consolidated results in FY2016 after acquisition of Headway Construction on 28 September 2015.

Revenue from concession and maintenance – building maintenance service

Our revenue of building maintenance service from concession and maintenance increased by RM8.8 million from nil for FP2015 to RM8.8 million for FY2016. The increase was primarily due to consolidated results in FY2016 after acquisition of KAS Engineering on 28 September 2015. We recorded concession revenue which represented building maintenance service income of RM8.8 million for maintenance and facilities management service provided to UiTM.

Cost of sales

Our cost of sales increased by RM22.1 million or 5.7% from RM390.5 million for FP2015 to RM412.6 million for FY2016. Such increase was mainly due to expansion of business into more segments and increase in number of projects undertaken. The increase is mainly contributed by increase in raw material costs by RM79.3 million, increase in rental of equipment and machineries of

RM17.9 million due to consolidation of Headway Construction which rents more machineries, increase in labour costs by RM4.0 million, increase in asset management costs by RM3.1 million and increase in other direct costs mainly for site maintenance costs by RM11.0 million, partially offset by decrease in sub-contracting costs by RM93.2 million. Due to business expansion and increase in number of projects undertaken, all related costs increased except for sub-contracting costs. The decrease in sub-contracting costs is mainly due to completion of Construction of UiTM Campus in FP2015, which contributed RM148.5 million and nil to the sub-contracting costs in FP2015 and FY2016 respectively. The asset management cost is new in FY2016 as it is in relation to the building maintenance service delivered under UiTM BLMT Project.

Gross profit and gross profit margin

Our overall gross profit increased by RM69.2 million or 197.2% from RM35.1 million for FP2015 to RM104.3 million for FY2016. The increase in gross profit is mainly due to (i) increase in the number and progress of projects in building and structures segment, for instance, Project D'Pristine@Medini and Project V-Residency 2, and (ii) consolidation of new segments' gross profit in FY2016. Our overall gross profit margin increased from 8.3% for FP2015 to 20.2% for FY2016, which was mainly due to (i) Construction of UiTM Campus which contributed a relatively low gross profit margin was substantially completed in FP2015; (ii) consolidation of mechanical and electrical and concession and maintenance results which contributed a high gross profit margin; and (iii) increase in gross profit margins of certain building and structures projects in FY2016 as a result of revision of certain project budget based on up-to-date actual project results.

We acted as the main contractor for construction works of the UiTM Campus and to ensure that there were sufficient resources allocated to our other customers, we sub-contracted the construction works to Modular Construction Technology Sdn Bhd, a subsidiary of the MCT Group. Please refer to the section headed "Relationship with our Controlling Shareholders" in this prospectus for further details of the MCT Group. As we mainly assumed a management and supervisory role over the construction project as main contractor and did not directly carry out the construction works, our gross profit margin for the construction of the UiTM Campus is relatively lower compared to our overall building and structure business segment.

During FY2016, our Directors reviewed the budget of our ongoing building and structures projects and revised budget with up-to-date actual cost. By doing so, there are two effects to boost up gross profit and gross profit margin: (i) revised budget usually had lower costs due to our cost savings strategy by modification of design, which directly boosts the gross profit margin; and (ii) the total costs for the project will decrease such that the percentage of completion will speed up, which in turn increased the gross profit.

In addition, we reduced rental of machinery and site equipment for certain building and structures projects, by purchasing our own equipment. This directly lowers the cost of sales for those projects, while the depreciation expenses increased.

Due to abovementioned factors, the gross profit and gross profit margins of many building and structures projects increased significantly.

Administrative and other expenses

Our administrative and other expenses increased by RM27.8 million or 264.8% from RM10.5 million for FP2015 to RM38.3 million for FY2016. The increase was primarily due to (i) increase in staff cost of RM12.5 million due to increase in staff number as a result of acquisition of subsidiaries in FP2015, (ii) increase in amortisation charge of intangible asset of RM8.2 million which was arising from acquisitions of subsidiaries, (iii) increase in depreciation charge due to our Group purchased more equipment and machineries for construction to partially substitute rental of equipment, and (iv) increase in listing expenses of RM2.2 million.

Income from a concession agreement

Our income from a concession agreement represents the imputed interest on the trade receivable in relation to future cash receipts of availability charges under UiTM BLMT Project. Our income from a concession agreement increased from nil to RM44.2 million in FY2016 due to the imputed interest started to accrue from the acceptance of the university campus by UiTM in November 2015.

Other income

Our other income remained stable at RM0.2 million for both FP2015 and FY2016.

Other gains

Our other gains decreased from RM5.0 million for FP2015 to RM19,000 for FY2016, which mainly represented those gain on deemed disposal of a joint venture, Headway Construction, and gain on disposal of investment properties in FP2015 is non-recurring in nature that they did not incur in FY2016.

Finance costs

Our finance costs increased by RM20.4 million or 582.9% from RM3.5 million for FP2015 to RM23.9 million for FY2016. The increase was mainly attributed to the interest of term loan amounted to RM21.0 million in relation to UiTM BLMT Project, which was acquired in the acquisition of KAS Engineering.

Income tax expense

Our income tax expense increased by RM15.9 million or 278.9% from RM5.7 million for FP2015 to RM21.6 million for FY2016. The increase was mainly due to increase in profits. Our effective tax rate increased from 21.5% for FP2015 to 25.0% for FY2016 primarily due to those non-taxable income such as gain on deemed disposal of a joint venture, Headway Construction, and gain on disposal of subsidiaries in FP2015 were not repeated in FY2016.

Profit for the year

As a result of the foregoing, our profit for the year increased by RM44.1 million or 211.0% from RM20.9 million for FP2015 to RM65.0 million for FY2016. Our net profit margin increased from 4.9% for FP2015 to 12.6% for FY2016 which was mainly due to higher gross profit margin.

FP2015 compared to FY2014

Revenue

Our revenue increased by RM185.4 million or 77.2% from RM240.2 million for FY2014 to RM425.6 million for FP2015. Such increase was driven by larger revenue recognised in FP2015 for Top Five Revenue Projects with major progress being made in FP2015.

Revenue from building and structures

Our revenue from building and structures segment increased by RM184.3 million or 76.8% from RM240.0 million for FY2014 to RM424.3 million for FP2015. Such increase is mainly due to extensive work progress of the Top Five Revenue Projects which in aggregate contributed RM298.6 million in revenue of FP2015, representing an increase of RM155.9 million from revenue contributed by the same projects in FY2014.

Revenue from mechanical and electrical

Our revenue from mechanical and electrical segment increased by RM1.0 million from nil for FY2014 to RM1.0 million for FP2015. The increase was primarily due to acquisition of a subsidiary, Built-Master Engineering, which performed mechanical and electrical works during FP2015. The revenue for FP2015 mainly arised from an electrical and mechanical sub-contracting project of electrical work for a 13-storey commercial complex for IDIQA Holding Sdn Bhd.

Cost of sales

Our cost of sales increased by RM167.4 million or 75.0% from RM223.1 million for FY2014 to RM390.5 million for FP2015. Such increase was in line with increase in revenue, which is mainly due to increase in costs incurred of RM147.0 million for major work progress for the Top Five Revenue Projects.

Gross profit and gross profit margin

Our overall gross profit increased by RM18.1 million or 106.5% from RM17.0 million for FY2014 to RM35.1 million for FP2015. Our overall gross profit margin slightly increased from 7.1% for FY2014 to 8.2% for FP2015, which was mainly due to more progress had been made for certain higher profit margin projects in FP2015 than FY2014. As a result, overall gross profit margin improved. The increase in gross profit were due to increased gross profit margin of remaining projects in building and structures segment other than Top Five Revenue Projects.

Administrative expenses

Our administrative expenses increased by RM4.4 million or 72.1% from RM6.1 million for FY2014 to RM10.5 million for FP2015. The increase was primarily due to additional staff cost for additional administrative staff for more site offices due to increased number of projects and additional depreciation.

Other income

Our other income remained relatively stable at RM0.1 million and RM0.2 million for FY2014 and FP2015, respectively.

Other gains

Our other gains increased from RM0.2 million for FY2014 to RM5.0 million for FP2015, which was mainly due to gain on deemed disposal of a joint venture, Headway Construction, of RM3.7 million and increase in gain on disposal of investment properties of RM0.7 million.

Finance costs

Our finance costs increased by RM2.3 million or 191.7% from RM1.2 million for FY2014 to RM3.5 million for FP2015. The increase was in line with increase in interest-bearing bank borrowings.

Income tax expense

Our income tax expense increased by RM2.7 million or 90.0% from RM3.0 million for FY2014 to RM5.7 million for FP2015. The increase was in line with increase in profit before tax. Our effective tax rate decreased from 29.2% for FY2014 to 21.5% for FP2015 primarily due to certain non-taxable income such as gain on deemed disposal of a joint venture, Headway Construction, and gain on disposal of subsidiaries in FP2015.

Profit for the year

As a result of the foregoing, our profit for the year increased by RM13.7 million or 190.3% from RM7.2 million for FY2014 to RM20.9 million for FP2015. Our net profit margin improved from 3.0% for FY2014 to 4.9% for FP2015.

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash primarily relates to operating activities, capital expenditure and repayment of bank borrowings. We have historically financed our operations primarily through a combination of capital contribution from our Shareholders, cash flow generated from our operation and bank borrowings. We were able to repay our obligations under bank borrowings when they became due. We did not experience any difficulties in rolling over our bank borrowings during the Track Record Period. We currently expect that there will not be any material change in the sources and uses of cash of our Group, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed “Future Plans and Use of Proceeds” in this prospectus.

Cash Flow

The following table sets forth a summary of our consolidated cash flows for the periods indicated:

	FY2014	FP2015	FY2016	1H2016	1H2017
	RM'000	*RM'000*	*RM'000*	*RM'000 (Unaudited)*	*RM'000*
Net cash generated from/(used in) operating activities	7,090	(47,733)	149,076	31,666	(13,426)
Net cash (used in)/generated from investing activities	(11,374)	(7,478)	1,531	1,168	(11,896)
Net cash generated from/(used in) financing activities	15,868	38,331	(82,153)	(28,418)	(25,859)
Net increase/(decrease) in cash and cash equivalents	11,584	(16,880)	68,454	4,416	(51,181)
Cash and cash equivalents at beginning of year/period	7,608	19,192	2,313	2,313	70,767
Cash and cash equivalents at end of year/period	19,192	2,313	70,767	6,729	19,586
Cash and cash equivalents represented by:					
Bank balances and cash	19,192	2,313	36,796	12,768	17,574
Fixed deposits	2,632	2,248	40,605	2,668	22,314
Less: restricted bank balance	–	–	(1,117)	(6,039)	(21)
Less: pledged fixed deposits	(2,632)	(2,248)	(4,515)	(2,668)	(6,981)
Less: fixed deposits with maturity more than three months	–	–	(1,002)	–	(13,300)
	19,192	2,313	70,767	6,729	19,586

Operating activities

Net cash generated from or used in operating activities comprises profit before income tax adjusted for non-cash items, such as depreciation and amortisation, gain on deemed disposal of a joint venture and adjusted for the change in working capital. During FY2014, FP2015 and FY2016, our cash flow from operating activities was principally from cash receipt from customers. Our cash used in operating activities was principally for purchases of raw materials and payment of sub-contracting costs, labour costs and other project related costs. We recorded negative operating cash flow of RM47.7 million for FP2015, primarily attributable to increase in trade receivables due to longer collection period.

For 1H2017, our net cash used in operating activities of RM13.4 million was a combined result of operating cash inflow before changes in working capital of RM42.8 million, income tax paid of RM4.5 million and change in working capital of RM51.7 million. Change in working capital primarily reflected decrease in amounts due from customers for contract works of RM68.8 million and decrease in amounts due to customers for contract works of RM20.8 million, partially offset by increase in trade and other payables of RM45.3 million.

For FY2016, our net cash generated from operating activities of RM149.1 million was a combined result of operating cash inflow before changes in working capital of RM79.3 million, income tax paid of RM6.5 million and change in working capital of RM76.2 million. Change in working capital primarily reflected increase in trade and other payables of RM79.9 million, decrease in amounts due from customers for contract works of RM228.6 million, partially offset by increase in trade and other receivables, deposits and prepayments of RM189.3 million.

For FP2015, our net cash used in operating activities of RM47.7 million was a combined result of operating cash inflow before changes in working capital of RM26.2 million, income tax paid of RM0.3 million and change in working capital of RM73.6 million. Change in working capital primarily reflected increase in trade and other receivables, deposits and prepayments of RM27.3 million, decrease in trade and other payables of RM23.6 million and decrease in amounts due to customers for contract works of RM13.0 million.

For FY2014, our net cash generated from operating activities of RM7.1 million was a combined result of operating cash inflow before changes in working capital of RM11.9 million, income tax paid of RM0.3 million and change in working capital of RM4.5 million. Change in working capital primarily reflected increase in trade and other receivables, deposits and prepayments of RM65.9 million and increase in in amount due from customers for contract works of RM25.1 million, partially offset by increase in trade and other payables of RM17.8 million and increase in amount due to customer for contract works of RM68.7 million.

Investing activities

For 1H2017, our net cash used in investing activities of RM11.9 million primarily reflected placement of fixed deposits of RM18.5 million and restricted bank balances of RM18.1 million, partially offset by withdrawal of restricted bank balances of RM19.2 million.

For FY2016, our net cash used in investing activities of RM22.5 million primarily reflected placement of fixed deposits of RM3.3 million, advances to related parties of RM51.9 million and net cash outflow on acquisition of subsidiaries of RM24.0 million, partially offset by repayments from related parties of RM60.9 million.

For FP2015, our net cash used in investing activities of RM7.5 million primarily reflected the purchase of property, plant and equipment of RM3.8 million mainly for machinery and site equipment used in construction, advances to related parties of RM26.2 million and net cash outflow on acquisition of subsidiaries of RM2.3 million, partially offset by proceeds from disposal of investment properties of RM1.2 million and repayments from related parties of RM22.9 million.

For FY2014, our net cash used in investing activities of RM11.4 million primarily reflected the purchase of properties for development of RM4.1 million and advances to related parties of RM11.4 million, partially offset by proceeds from disposal of investment properties of RM1.2 million and repayments from related parties of RM3.6 million.

Financing activities

For 1H2017, our net cash used in financing activities of RM25.9 million primarily reflected repayments of borrowings of RM22.5 million, interest paid of RM9.8 million and repayments of obligations under finance leases of RM3.0 million, partially offset by increase in bank overdrafts of RM7.5 million and advances form directors of RM2.0 million.

For FY2016, our net cash used in financing activities of RM58.2 million primarily reflected payment of interest of RM23.9 million, repayments of borrowings of RM29.6 million, repayment of bank overdrafts of RM10.6 million and repayments to directors of RM16.5 million, partially offset by advances from directors of RM31.2 million.

For FP2015, our net cash generated from financing activities of RM38.3 million primarily reflected proceeds drawn down from bank loan of RM18.4 million, bank overdraft of RM9.5 million and advances from directors of RM45.3 million, and partially offset by interest paid of RM3.5 million and repayments to directors of RM30.2 million.

For FY2014, our net cash generated from financing activities of RM15.9 million primarily reflected proceeds drawn down from bank loan of RM19.6 million, proceeds from issuance of share capital of RM5.0 million and advances from related parties of RM11.6 million, and partially offset by repayments to related parties of RM12.2 million and repayments to directors of RM9.0 million.

Current assets and current liabilities

	BGMC Group		Our Group			
	As at					
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017	31 May 2017
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Current Assets						
Amounts due from customers for contract works	30,595	72,956	72,956	134,054	202,873	194,963
Trade and other receivables, deposits and prepaid expenses	115,602	165,861	165,861	104,701	133,896	136,436
Tax recoverable	—	—	—	271	—	—
Amounts due from associates	2	—	—	—	—	—
Fixed deposits	2,633	2,248	2,248	40,605	22,314	23,334
Bank balances and cash	19,192	2,313	2,313	36,796	17,574	14,147
Total current assets	168,024	243,378	243,378	316,427	376,657	368,880
Current Liabilities						
Amounts due to customers for contract works	73,963	66,498	66,498	23,454	2,692	7,010
Trade and other payables	45,572	101,356	166,356	218,705	222,939	215,597
Amount due to directors	7,092	23,410	23,410	38,165	16,157	15,173
Obligations under finance leases	1,263	5,260	5,260	4,816	8,253	10,643
Borrowings	1,179	23,925	23,925	33,981	30,210	28,363
Tax liabilities	4,762	10,564	10,564	20,563	27,840	24,718
Total current liabilities	133,831	231,013	296,013	339,684	308,091	301,504
Net current assets/ (liabilities)	34,193	12,365	(52,635)	(23,257)	68,566	67,376

The BGMC Group's net current assets decreased from RM34.2 million as at 30 September 2014 to RM12.4 million as at 28 September 2015. The decrease was primarily due to increase in trade and other payables of RM55.8 million, partially offset by increase in trade and other receivables, deposits and prepaid expenses of RM50.3 million.

The BGMC Group's net current assets of RM12.4 million as at 28 September 2015 decreased to our Group's net current liabilities of RM52.6 million as at 30 September 2015, was due to the increase in trade and other payable of RM65.0 million for the consideration payable for acquisition.

Our net current liabilities decreased from RM52.6 million as at 30 September 2015 to net current liabilities of RM23.3 million as at 30 September 2016. The decrease was primarily due to increase in amount due to customers for contract work of RM43.0 million, partially offset by decrease in trade and other receivables, deposits and prepaid expenses of RM61.1 million.

Our net current liabilities increased from RM23.3 million as at 30 September 2016 to net current assets of RM68.6 million as at 31 March 2017. The increase was primarily due to increase in amount due from customers for contract work of RM68.8 million, increase in trade and other receivables, deposits and prepaid expenses of RM29.2 million, decrease in amounts due to directors of RM22.0 million and decrease in amounts due to customers for contract works of RM20.8 million, partially offset by decrease in fixed deposits of RM18.3 million and decrease in bank balances and cash of RM19.2 million.

Based on our unaudited consolidated financial statements as at 31 May 2017, our net current assets decreased from RM68.6 million as at 31 March 2017 to RM67.4 million as at 31 May 2017. The decrease was primarily due to decrease in amounts due from customers for contract works of RM7.9 million, partially offset by the decrease in trade and other payables of RM7.3 million.

Working Capital

We have financial resources including net cash from operating activities, bank balances and cash on hand, unutilised banking facility and the estimated net proceeds from the Global Offering available to us.

We had the net current liabilities position as at 30 September 2015 and 2016, primarily resulted from our consideration payable for acquisition of BGMC Group. This item is a one-off item that it does not affect our normal operations. Subsequent to 30 September 2016, we have settled the consideration payable with financing by amounts due to directors. On 26 January 2017, RM65 million of the amounts due to directors were settled through issue of additional shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited while the remaining of RM16.2 million will be repaid by our internal funding before Listing. Our Directors are of the opinion, and the Sole Sponsor concurs, that our Group has sufficient working capital to meet our present requirements for at least the next 12 months from the date of this prospectus.

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including our cash and cash equivalents on hand, internally generated funds, available facilities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least next 12 months from the date of this prospectus.

Selected Items of the Consolidated Statements of Financial Position

The table below sets forth our consolidated statements of financial position as of the dates indicated:

	BGMC Group		Our Group		
	As at				
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current Assets					
Investment properties	255	—	—	—	—
Property, plant and equipment	4,964	21,914	21,914	31,159	37,681
Properties for development	4,133	—	—	—	—
Interests in associates	1,631	—	—	—	—
Interest in a joint venture	250	—	—	—	—
Goodwill	—	2,333	9,244	9,244	9,244
Intangible assets	—	17,146	35,148	26,996	22,008
Deferred tax assets	—	5,561	5,561	—	—
Trade receivables	—	—	—	285,724	283,573
Amounts due from customers for contract works	—	289,694	289,694	—	—
Total non-current assets	11,233	336,648	361,561	353,123	352,506
Current Assets					
Amounts due from customers for contract works	30,595	72,956	72,956	134,054	202,873
Trade receivables and other receivables, deposits and prepaid expenses	115,602	165,861	165,861	104,701	133,896
Tax receivables	—	—	—	271	—
Amounts due from associates	2	—	—	—	—
Fixed deposits	2,633	2,248	2,248	40,605	22,314
Bank balances and cash	19,192	2,313	2,313	36,796	17,574
Total current assets	168,024	243,378	243,378	316,427	376,657

	BGMC Group		Our Group		
	As at				
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Current Liabilities					
Amounts due to customers for contract works	73,963	66,498	66,498	23,454	2,692
Trade and other payables	45,572	101,356	166,356	218,705	222,939
Amount due to directors	7,092	23,410	23,410	38,165	16,157
Obligations under finance leases	1,263	5,260	5,260	4,816	8,253
Borrowings	1,179	23,925	23,925	33,981	30,210
Tax liabilities	4,762	10,564	10,564	20,563	27,840
Total current liabilities	133,831	231,013	296,013	339,684	308,091
Non-current liabilities					
Obligations under finance leases	1,662	5,693	5,693	11,450	14,542
Borrowings	19,834	290,607	290,607	240,695	229,427
Deferred tax liabilities	490	3,456	7,776	7,637	10,466
Total non-current liabilities	21,986	299,756	304,076	259,782	254,435
Net current assets/ (liabilities)	34,193	12,365	(52,635)	(23,257)	68,566
Net assets	23,440	49,257	4,850	70,084	166,637

Comparison of consolidated statements of financial position

As presented above, we are comparing the financial position of BGMC Group as at 30 September 2014 and 28 September 2015 and our Group as at 30 September 2015 and 2016 and 31 March 2017. In light of simplicity, we will compare the consolidated statements of financial position of BGMC Group as at 30 September 2014 to that of our Group as at 30 September 2015 and 2016 and 31 March 2017.

The major differences between consolidated statements of financial position of BGMC Group as at 28 September 2015 and our Group as at 30 September 2015 are (i) the consideration payable of RM65.0 million as the acquisition consideration, (ii) intangible assets of RM18.0 million for the rights of receipt of payment for construction contract work of BGMC Corporation, (iii) goodwill of RM6.9 million on acquisition of BGMC Group and (iv) deferred tax liabilities of RM4.3 million arising from acquisition of BGMC Group.

Save for the aforesaid differences which are all related to acquisition of BGMC Group, our Directors believe that the consolidated statements of financial position of BGMC Group as at 28 September 2015 and our Group as at 30 September 2015 do not have material difference. Our Directors believe that the financial position as at the respective dates are comparable.

DESCRIPTION OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Intangible asset

Our intangible asset arises from acquisition of subsidiaries. Our intangible asset represents fair value of right to receive unbilled portion of construction contracts of RM 25.6 million and right on management service income for the UiTM BLMT project of RM9.5 million as at dates of acquisition, which was subsequently amortised over their respective useful lives. For details, please refer to the section headed ”Appendix IA – Accountant’s Report of the Group” in this prospectus.

Amounts due from/(to) customers for contract work

For construction contracts where contract costs incurred to date plus recognised profits less foreseeable losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For progress billings exceeding recognised profits less foreseeable losses, the deficit is shown as amounts due to customers for contract work.

The amounts due from customers for contract work represent construction contracts in progress at the end of a reporting period. Generally for projects recognised as construction contracts, we apply for progress claims for the work we performed to our customers in stages and based on the terms of the contracts entered into with our customers. Our customers, will evaluate the value of works completed by endorsement from consultant. The consultant will issue the progress payment certificate. The amounts due from customers for contract work represent the value of work performed by our Group before the end of each reporting period, where the progress payment certificate had not yet been endorsed by consultant at the end of each reporting period.

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Contract costs incurred to date	360,419	1,222,084	1,343,488	1,634,081
Recognised profits less recognised losses	30,145	59,331	179,781	237,985
	390,564	1,281,415	1,523,269	1,872,066
Less: progress billings received and receivable	(433,932)	(985,262)	(1,412,669)	(1,671,885)
	(43,368)	296,153	110,600	200,181
Amounts due from customers for contract works:				
Current assets	30,595	72,956	134,054	202,873
Non-current assets	-	289,694	-	-
	30,595	362,651	134,054	202,873
Amounts due to customers for contract works	(73,963)	(66,498)	(23,454)	(2,692)
	(43,368)	296,153	110,600	200,181

The current portion of amounts due from customers for contract work were RM30.6 million, RM73.0 million, RM134.1 million and RM202.9 million as at 30 September 2014, 2015 and 2016 and 31 March 2017, respectively. The level of the amounts due from customers for contract work as at a given reporting date is mainly affected by the duration between our submission of interim progress payment and the endorsement on project progress report by our customers. Increase in current portion from FY2014 to FP2015 mainly due to i) acquisition of Headway Construction and Built-Master Engineering which contributed increase of RM 26.6 million and RM3.2 million, respectively, and ii) increase in amount of building and structure contract works in progress of RM9.0 million. The current portion of amount due from customer increased by RM61.1 million from RM73.0 million as at 30 September 2015 to RM134.1 million as at 30 September 2016, mainly due to increase in amounts due for building and structures and energy transmission and distribution projects of RM50.0 million and earthworks and infrastructure work of RM10.0 million. The current portion of amount due from customer increased by RM68.8 million from RM134.1 million as at 30 September 2016 to RM202.9 million as at 31 March 2017, which was mainly attributable to i) increase in number of projects working in progress; and ii) certain amounts of construction works of our major projects were delivered closer to the period ended 31 March 2017 of which billings were not yet issued to our customers at the respective period end.

The non-current portion increased from nil as at 30 September 2014 to RM289.7 million as at 30 September 2015 due to acquisition of KAS Engineering, which represents the amount of work performed on Construction of UiTM Campus. It then decreased to nil and nil as at 30 September 2016 and 31 March 2017, respectively mainly due to transfer to trade receivable upon the acceptance of completed university campus by UiTM in November 2015, which gave our Group the unconditional right for future cash receipts on that date.

Our Directors determine provision for foreseeable losses on construction contracts based on individual assessment of our projects. During FY2014, FP2015, FY2016 and 1H2017, our Directors had made no provision for foreseeable loss on construction contracts after considering project costs and creditability of customers.

The amounts billed for work performed, but not yet paid by our customers are included in the consolidated statements of financial position under “trade receivables”.

Trade and other receivables, deposits and prepayments

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM’000	*RM’000*	*RM’000*	*RM’000*
Trade receivables	83,870	113,106	334,742	333,085
Retention receivables	14,363	28,829	39,093	59,227
Other receivables, deposits and prepayments	17,369	23,926	16,590	25,157
	115,602	165,861	390,425	417,469
Analysed for reporting purpose as:				
Current assets	115,602	165,861	104,701	133,896
Non-current assets	–	–	285,724	283,573
	115,602	165,861	390,425	417,469

Trade receivables

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM’000	*RM’000*	*RM’000*	*RM’000*
Non-current portion	–	–	285,724	283,573
Current portion	83,870	113,106	49,018	49,512
Less: provision for impairment of receivables	–	–	–	–
Trade receivables – net	83,870	113,106	334,742[(1)]	333,085[(1)]

Note (1): Included in trade receivable balances as at 30 September 2016 and 31 March 2017, there are receivables arising from UiTM BLMT Project amounted to RM290,539,000 and RM287,709,000, respectively, represented by non-current portion of RM285,724,000 and RM283,573,000 and current portion of RM4,815,000 and RM4,136,000.

Our trade receivables represent (i) progress billings of work performed by us, for which our invoice have been issued to our customers before the end of reporting period; and (ii) consideration receivable for Construction of UiTM Campus, for which we entitled to rights for cash receipt upon acceptance of the university campus by UiTM in November 2015. Substantially all of trade receivables were due from our customers for contract work. As at 30 September 2014, 29% of the total trade and other receivables was due from the largest customer within the building and structures segment, while 69% of the total trade and other receivables was due from the five largest customers within the building and structures segment. As at 30 September 2016, 74% of the total trade and other receivables was due from the largest customer within the concession and maintenance segment. As at 31 March 2017, 69% of the total trade and other receivables was due from the largest customer within the concession and maintenance segment. Other than this, our trade receivables spread over a number of counterparties and customers.

Our trade receivables increased from RM83.9 million as at 30 September 2014 to RM113.1 million as at 30 September 2015, which was mainly due to i) increase in receivables recognised of RM17.8 million on Project International School and on Project Kingsley Land which the collection period is longer, and ii) acquisition of Headway Construction which contributed to 8.9 million. Our current portion of trade receivables decreased from RM113.1 million as at 30 September 2015 to RM49.0 million as at 30 September 2016, which was mainly due to settlement of the trade receivables from the aforesaid two projects with longer collection period during FY2016. Our current portion of trade receivables remained relatively stable at RM49.5 million as at 31 March 2017, compared with that of RM49.0 million as at 30 September 2016.

Before accepting any new customers, our Group will apply an internal credit assessment policy to assess the potential customer's credit quality. We generally granted a period of 30 to 60 days from the month end of date of invoice for our major customers. We seek to maintain strict control over our outstanding receivables to minimise the credit risk. We typically do not require any collateral as security.

The following table sets forth the ageing analysis (based on invoice date) of our trade receivables (excluding receivables arising from the UiTM BLMT Project) as at the dates indicated:

	As at 30 September			**As at 31 March**
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
0 to 30 days	22,801	9,655	28,000	32,757
31 to 90 days	10,753	18,697	3,240	4,773
Over 90 days	50,316	84,754	12,964	7,846
Total	83,870	113,106	44,204	45,376

Our trade receivables over 90 days mainly represented receivables from customers of Project International School and Project Kingsley Land. Our Directors confirmed that this is mainly due to deferred settlement from the customers as mutually agreed between us and the respective customers. These two balances contributed to most of the long outstanding receivables. We had constantly monitored and communicated with the customers for settlement of the balance and the balance was subsequently settled during FY2016. Therefore, the trade receivable balances aged over 90 days decreased from RM84.8 million as at 30 September 2015 to RM13.0 million as at 30 September 2016 and further decreased to RM7.8 million as at 31 March 2017. The trade receivable balance aged from

0 to 30 days increased from RM9.7 million as at 30 September 2015 to RM28.0 million as at 30 September 2016 and further increased to RM32.8 million as at 31 March 2017, mainly due to increase in trade receivable in relation to various projects in line with revenue and number of projects increase.

We has trade receivables as at 30 September 2014, 2015 and 2016 and 31 March 2017 totalling RM61.1 million, RM103.5 million, RM16.2 million and RM12.6 million, respectively, that are past due at the end of each period end but against which we had not recognised allowance for doubtful debts as the amounts are still considered recoverable. The following table sets forth an analysis of trade receivables that are past due but not impaired at the respective dates indicated:

	As at 30 September			**As at 31 March**
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Over due:				
1 to 30 days	5,398	12,514	1,195	4,171
31 to 60 days	5,355	6,182	2,045	602
61 to 90 days	3,618	4,035	2,935	544
Over 90 days	46,698	80,720	10,029	7,301
Total	61,069	103,451	16,204	12,618

Our Directors review the ageing report of trade receivables monthly and investigate those long outstanding balances to assess the recoverability. We did not experience any material payment defaults from our customers during the Track Record Period. As at 30 September 2014, 2015 and 2016 and 31 March 2017, respectively, our provision for impairment of trade receivables was nil, nil, nil and nil, respectively.

Based on the management accounts of our Group, as at 30 June 2017, RM30.4 million or 67.1% of our trade receivables outstanding (excluding receivables arising from the UiTM BLMT Project) as at 31 March 2017 were settled.

The table below sets forth our turnover days of trade receivables(1) as at the dates indicated:

	FY2014	**FP2015**	**FY2016**	**1H2017**
Group	81	84	56(2)	23(2)
BGMC Corporation	81	80	61	22

Note (1): Turnover days of trade receivables is calculated using the average balance of trade receivables divided by revenue for the relevant period and multiplied by number of days in the relevant period. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

Note (2): Turnover days of trade receivables as at 30 September 2016 and 31 March 2017 excluded the receivables from UiTM for construction work because it does not contribute revenue during the year/period.

Our Group's trade receivable turnover days slightly increased from 81 days for FY2014 to 84 days for FP2015. Such increase was mainly due to increase in trade receivables balance from acquisition of Headway Construction and Built-Master Engineering, while the revenue generated from them for FP2015 were only consolidated in our financial statements after they become subsidiaries of our Group. If we compared the trade receivable turnover days of BGMC Corporation, which revenue and trade receivables were fully consolidated for FY2014 and FP2015, its trade receivable turnover days remained relatively stable at 81 days and 80 days for FY2014 and FP2015, respectively. Our lower trade receivable turnover days for FY2016 primarily reflected the settlement of the aforesaid long outstanding balances for Project International School and Project Kingsley Land, which significantly decreased trade receivable balances. Our Group's trade receivable turnover days further decreased from 56 days for FY2016 to 23 days for 1H2017, primarily due to i) tighter credit control imposed by our Group and favourable credit terms negotiated with our customers; ii) certain amount of construction works delivered near the period end of 1H2017, of which revenue was recognised but billings were not yet issued to our customers as at 31 March 2017; and iii) the lower opening balance in 1H2017 due to settlement of the long outstanding balance in FP2015.

Other receivables, deposits and prepayments

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Amounts due from related companies	7,921	11,141	2,225	38
Refundable deposits	1,646	7,793	3,957	5,003
Prepaid expenses	272	1,007	3,033	7,452
Deferred listing expenses	–	–	722	1,701
Goods and services tax receivable	–	1,068	1,002	1,908
Others	7,530	2,917	5,651	9,055
	17,369	23,926	16,590	25,157

Other receivables, deposits and prepayments mainly comprise amounts due from related companies, refundable deposits, prepaid expenses, goods and services tax receivable. Amounts due from related companies mainly represented payments on behalf of related companies. Such balance will be settled prior to the Listing. Deposits mainly comprise refundable deposits paid for Construction of UiTM Campus and other site utility deposits. Others include advance payment to suppliers. Goods and services tax receivable represents goods and services tax levied on production process which is refundable to parties in production other than end customer. Prepaid expenses mainly represent prepayment for listing expenses and construction costs.

Our other receivables, deposits and prepayments increased from RM17.4 million as at 30 September 2014 to RM23.9 million as at 30 September 2015 that was mainly due to acquisition of KAS Engineering with a refundable deposits paid for Construction of UiTM Campus of RM5.2 million. Our other receivables, deposits and prepayments then decreased from RM23.9 million as at 30 September 2015 to RM16.6 million as at 30 September 2016 mainly due to settlement of related company balances. Our other receivables, deposits and prepayments subsequently increased from RM16.6 million as at 30 September 2016 to RM25.2 million as at 31 March 2017, mainly due to increase in deferred listing expenses, prepaid expenses and deposit for acquisition of construction equipment.

Trade and other payables

The following table sets forth the components of our trade and other payables as at the dates indicated:

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade payables	21,631	58,970	105,265	110,176
Retention payables	4,813	7,580	18,318	30,498
Other payables	19,128	99,806	95,122	82,265
	45,572	166,356	218,705	222,939

Trade payables

The following table sets forth the components of our trade payables as at the dates indicated:

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade payables				
	21,631	58,970	105,265	110,176

Our trade payables primarily consist of balances related to our suppliers for raw materials such as steel bars, concrete, etc., and sub-contractors.

Our trade payables increased from RM21.6 million as at 30 September 2014 to RM59.0 million as at 30 September 2015, which was mainly due to (i) increase in amount of building and structure works delivered during the year which contributed an increase of trade payables of RM15.9 million and ii) acquisition of Headway Construction which resulted in the consolidation of its trade payables of RM20.2 million as at 30 September 2015. Our trade payables then increased from RM59.0 million as at 30 September 2015 to RM105.3 million as at 30 September 2016 mainly due to: (i) increase in trade payables as increased cost due to increase in number of projects; and (ii) utilisation of credit terms to maintain a higher cash level in our Group. For similar reasons as at 30 September 2016, our trade payables slightly increased from RM105.3 million as at 30 September 2016 to RM110.2 million as at 31 March 2017.

Our suppliers generally offer us trade credit periods from 30 to 90 days. The table below sets forth, as of the end of reporting periods indicated, the ageing analysis of our trade payables (based on invoice date):

	As at 30 September			As at 31 March
	2014	2015	2016	2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
0 to 30 days	12,838	26,048	47,486	31,926
31 to 90 days	6,461	15,610	30,799	47,733
Over 90 days	2,332	17,312	26,980	30,517
	21,631	58,970	105,265	110,176

The following table sets out our turnover days of trade payables[(1)] for the periods indicated:

	FY2014	FP2015	FY2016	1H2017
Group	29	37	73	67
BGMC Corporation	29	27	65	54

Note (1): Turnover days of trade payables is calculated using the average balance of trade payables divided by cost of sales for the relevant period and multiplied by number of days in the relevant period. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant period, divided by two.

Our trade payables turnover days increased from 29 days to 37 days in 2014 and 2015 respectively, which was mainly due to increase in trade payable balance from acquisition of Headway Construction and Built-Master Engineering, while their cost of sales were only consolidated during FP2015 after they become subsidiaries of our Group. Our trade payable turnover days increased to 73 days in FY2016, which was mainly attributable to utilisation of credit term in order to maintain a higher cash level in our Group. If we compared the BGMC Corporation's trade payable turnover days, the turnover days remained relatively stable at 29 days for FY2014 and 27 days for FP2015, respectively. This showed a steady trade payable management. It then increased to 65 days due to our utilisation of credit term as mentioned above. Our Group's trade payables turnover days decreased slightly from 73 days for FY2016 to 67 days for 1H2017 as certain construction costs were yet billed and were included in accrued expenses as at 31 March 2017.

As at 30 June 2017, RM86.1 million or 78.1% of our trade payables outstanding as at 31 March 2017 had been fully settled.

Other payables

The following table sets forth the components of our other payables as at the dates indicated:

	As at 30 September			As at 31 March
	2014	2015	2016	2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
Amounts due to related parties	114	6,630	3,037	3,000
Accrued expenses	111	18,486	38,060	68,523
Consideration payable	-	65,000	41,000	-
Others	18,903	9,690	13,025	10,742
	19,128	99,806	95,122	82,265

Our other payables mainly include amounts due to related parties, accrued expenses, and consideration payable for acquisition of BGMC Corporation.

Other payables increased by RM80.7 million from RM19.1 million as at 30 September 2014 to RM99.8 million as at 30 September 2015, which was mainly attributable to the consideration payable for acquisition of BGMC Corporation by BGMC Builder RM65.0 million, increase in amounts due to related parties of RM6.6 million and increase in accrued expenses for construction costs, which was partially offset by a decrease in others of RM9.2 million mainly reflected decrease in advance payment received from customers. Other payables decreased by RM4.7 million from RM99.8 million as at 30 September 2015 to RM95.1 million as at 30 September 2016, which was mainly attributable to decrease in consideration payable of RM24.0 million which represented the partial settlement in January 2016, partially offset by increase in accrued expenses of RM19.6 million for construction costs as number of projects increased. Other payables decreased by RM12.8 million from RM95.1 million as at 30 September 2016 to RM82.3 million as at 31 March 2017, which was mainly attributable to decrease in consideration payable of RM41.0 million, partially offset by increase in accrued expenses of RM30.5 million for construction costs as number of projects increased.

CAPITAL EXPENDITURE AND COMMITMENT

Capital expenditure

Our capital expenditure for FY2014, FP2015, FY2016 and 1H2017 are as follows:

	FY2014	FP2015	FY2016	1H2017
	RM'000	*RM'000*	*RM'000*	*RM'000*
Property, plant and equipment	1,329	7,917	14,411	10,156
Intangible assets	-	9,507	-	-
	1,329	17,424	14,411	10,156

Capital expenditure for property, plant and equipment primarily related to purchase of motor vehicles and machinery and site equipments. Capital expenditure for intangible assets related to acquisition of intangible assets of right to receive management service income from the UiTM BLMT Project in the acquisition of KAS Engineering's assets. We have financed our capital expenditure primarily through cash flow generated from operating activities, bank borrowings and finance leases.

Operating lease commitments

As at 30 September 2014, 2015 and 2016 and 31 March 2017, we had operating lease commitments as follows:

	As at 30 September			As at 31 March
	2014	**2015**	**2016**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within one year	-	105	415	397
In the second to fifth year inclusive	-	235	750	539
	-	340	1,165	936

Capital commitments

As at 30 September 2014, 2015 and 2016 and 31 March 2017, we had no capital commitments.

PROPERTY INTERESTS

Our Directors confirm that, as at 31 March 2017, there were no circumstances that would give rise to a disclosure requirement under Rules 5.01 to 5.10 of the Listing Rules. As at 31 March 2017, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

INDEBTEDNESS

Borrowings

The following table sets forth our indebtedness as at the dates indicated:

	As at 30 September			As at 31 March	As at 31 May
	2014	**2015**	**2016**	**2017**	**2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Bank borrowings	21,013	314,532	274,676	259,637	253,998
Obligations under finance leases	2,925	10,953	16,266	22,795	29,584
Amounts due to directors	7,092	23,410	38,165	16,157	15,173
Consideration payable	–	65,000	41,000	–	–
	31,030	413,895	370,107	298,589	298,755

Our bank borrowings included bank overdrafts, term loans, bridging loan and invoice financing loan. As at 30 September 2014, we had bank borrowings of RM21.0 million, of which RM1.2 million was due within one year, RM4.9 million was due within one to two years, RM14.8 million due within two to five years and RM0.2 million due over five years. As at 30 September 2015, we had bank borrowings of RM314.5 million, of which RM23.9 million was due within one year, RM22.8 million was due within one to two years, RM76.7 million due within two to five years and RM191.1 million due over five years. As at 30 September 2016, we had bank borrowings of RM274.7 million, of which RM34.0 million was due within one year, RM22.8 million was due within one to two years, RM45.5 million due within two to five years and RM172.4 million due over five years. As at 31 March 2017, we had bank borrowings of RM259.6 million, of which RM30.2 million was due within one year, RM22.7 million was due within one to two years, RM91.0 million due within two to five years and RM115.7 million due over five years. As at 31 May 2017, we had bank borrowings of RM254.0 million, of which RM28.4 million was due within one year, RM22.8 million was due within one to two years, RM91.0 million due within two to five years and RM111.8 million due over five years.

Our bank borrowings carried weighted average effective interest rate from 4.95% to 8.10% for FY2014, from 4.95% to 8.88% for FP2015, from 4.95% to 8.88% for FY2016, from 6.85% to 7.81% for 1H2017 and from 6.85% to 7.71% for the two months ended 31 May 2017.

Our bank borrowings included a term loan for financing the UiTM BLMT Project, amounted to RM265.7 million, RM271.9 million, RM252.2 million and RM248.4 million as at 30 September 2015 and 2016, 31 March and 31 May 2017, respectively. This loan was solely for financing for the BLMT Project. This term loan was acquired together with UiTM BLMT Project in acquisition of KAS Engineering's assets on 28 September 2015, which contributed most of the significant increase in bank borrowings balances when compared to bank borrowings balance as at 30 September 2014. This term loan was secured mainly by master facility agreements, debenture creating floating charge over all present and future assets of KAS Engineering, assignment of all the present and future rights, title, interest and benefits of KAS Engineering under construction contract of the project, assignment over the designated accounts as stipulated in the loan agreement, a joint and several guarantee by all the directors of KAS Engineering. The guarantee will be released before Listing. This term loan balance will be repaid in coming 11 years with a floating interest rate. The weighted average interest rate was 8.88% as at 30 September 2015 and 2016, 6.85% as at 31 March 2017 and 6.85% as at 31 May 2017.

Our other bank borrowings were secured by fixed deposits, jointly and severally guaranteed by certain directors and secured by assignment of considerations received from customers.

As at 30 September 2014, we had obligations under finance leases of RM2.9 million, of which RM1.3 million was due within one year, RM0.9 million was due within one to two years, RM0.7 million due within two to five years. As at 30 September 2015, we had obligations under finance leases of RM11.0 million, of which RM5.3 million was due within one year, RM2.3 million was due within one to two years, RM3.2 million due within two to five years and RM0.2 million due over five years. As at 30 September 2016, we had obligations under finance leases of RM16.3 million, of which RM4.8 million was due within one year, RM4.4 million was due within one to two years, RM6.8 million due within two to five years and RM0.2 million due over five years. As at 31 March 2017, we had obligations under finance leases of RM22.8 million, of which RM8.2 million was due within one year, RM7.5 million was due within one to two years, RM7.0 million due within two to five years and RM75,000 due over five years. As at 31 May 2017, we had obligations under finance leases of RM29.6 million, of which RM10.6 million was due within one year, RM9.8 million was due within one to two years, RM9.1 million due within two to five years and RM60,000 due over five years.

Our obligations under finance leases carried interest rate from 2.35% to 4.06% for FY2014, from 2.35% to 3.47% for FP2015, from 2.35% to 3.47% for FY2016, from 2.38% to 3.90% for 1H2017 and from 2.35% to 3.90% for the two months ended 31 May 2017.

Our obligations under finance leases were secured by property, plant and equipment under hire purchase and jointly and severally guaranteed by certain directors.

Our amounts due to directors were unsecured, interest-free and repayable on demand. The amount is used to finance working capital for operations. The balance will be settled before Listing.

Our consideration payable represented consideration for acquisition of BGMC Group. The balance was fully settled during 1H2017.

We mainly used proceeds from our bank borrowings to finance our working capital requirement and capital expenditure. All our bank borrowings during the Track Record Period were secured by a joint and several guarantees by certain directors. Certain bank borrowings were secured by pledged fixed deposits, assignment of rights, title and interest over one unit of condominium or assignment of considerations received from customers.

At the close of business on 31 May 2017, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank borrowings of RM254.0 million, which was jointly and severally guaranteed by certain directors. Certain bank borrowings were secured by pledged fixed deposits, assignment of rights, title and interest over one unit of condominium or assignment of considerations received from customers. The condominium was disposed off by BGMC Corporation before which was acquired by our Company. All the guarantees provided will be (i) released upon Listing or (ii) released, settled or refinanced within three months after Listing. Further details are disclosed in the section headed "Relationship with our controlling shareholders – Financial Independence".

Certain bank borrowings contain certain material conditions and covenants that require us to obtain the bank's consents prior to certain activities and entering into certain transactions, such as change in nature of business, change in share capital and management, material investment, incur indebtedness, disposal of substantial part of its assets, or distribution of dividend. Some of our bank loans also contain requirements in respect of financial ratios our Group. Our Directors confirm that there had not been any delay or default in repayment of borrowings or material non-compliance with the covenants or requirements contained in our borrowings agreements that affect the renewal of such borrowings throughout the Track Record Period and up to the Latest Practicable Date. Our Directors do not expect that such covenants and requirements would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our business plans.

As at 31 May 2017, we had unutilised bank borrowing facilities for short term financing of RM39.4 million and total unutilised bank borrowing facilities of RM67.9 million.

During the Track Record Period, we did not experience any delay or default in payment of trade and non-trade payables and of bank borrowings nor experience any difficulties in obtaining banking facilities with terms that are commercially acceptable to us. As of the date of this prospectus, we did not have any plan for material external debt financing.

Contingent liabilities

As at 31 May 2017, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at Latest Practicable Date any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

RELATED PARTY TRANSACTIONS

During FY2014, FP2015, FY2016 and 1H2017, we had following material related party transaction with related companies:

(i) The construction revenue from related parties amounted to RM75.6 million, RM129.1 million, RM203.7 million and RM170.3 million for FY2014, FP2015, FY2016 and 1H2017, respectively. The construction revenue related to Project D'Pristine@Medini, Project Kingsley Land, Project International School and Project V-Residency 2.

(ii) The construction revenue from an associate amounted to RM81.8 million, RM150.0 million for FY2014 and FP2015, respectively. The construction revenue related to Construction of UiTM Campus.

The table below sets out the gross profit margin and net profit margin on transactions with i) independent third parties, ii) connected persons, and iii) an associate of our Group during FY2014 and FP2015, namely KAS Engineering, during the Track Record period:

	FY2014		FP2015		FY2016		1H2017	
	Gross profit margin	Net profit margin(1)	Gross profit margin	Net profit margin(1)	Gross profit margin	Net profit margin(1)	Gross profit margin	Net profit margin
Transactions with	%	%	%	%	%	%	%	%
Independent third parties(2)	10.3	3.7	14.1	7.6	19.0	12.6	21.1	9.1
Connected persons	10.2	4.6	10.0	3.9	22.1	12.6	15.3	8.5
An associate	1.0	0.7	1.0	0.7	N/A	N/A	N/A	N/A

Notes:

(1) *The net profit margins are calculated based on the estimated net profits of the relevant transactions with allocation of certain administrative expenses, including salaries and depreciation and finance costs to the relevant projects, and are for illustrative purposes only.*

(2) *Gross profit margin and net profit margin on transactions with independent third parties are derived based on our Group's results of the respective financial year/period after excluding the transactions with connected persons and an associate, and a gain on deemed disposal of a joint venture.*

The gross profit margin on transactions with connected persons in FY2014 was similar to that of the transaction with independent third parties. The net profit margin on transactions with independent third parties was slightly lower as more administrative expenses were allocated to the transactions with independent third parties for that year.

The gross profit margin and net profit margin on transactions with independent third parties in FP2015 were higher than those of the transactions with connected persons, which was mainly contributed by the profit recognised on certain projects with independent third parties involving accelerated project timelines, and hence resulted in higher profit margin in FP2015.

In FY2016, the gross profit margin and net profit margin on transactions with connected parties were similar to those of the transactions with independent third parties, and our Group's overall gross profit margin and net profit margin increased. Please see paragraph headed "Results of Operations – Gross profit and gross profit margin" in this section for details.

During 1H2017, the gross profit margin and net profit margin on transactions with connected persons were lower than that of the transaction with independent third parties, which was mainly attributed to the low gross profit margin of 6.6% recorded on Project V-Residency 2 due to certain additional costs incurred during 1H2017.

The transaction with an associate represented the construction project of the UiTM Campus which we acted as the main contractor for KAS Engineering during FY2014 and FP2015. We sub-contracted the construction work of the UiTM Campus to Modular Construction as we needed to ensure that there were sufficient resources allocated to our other customers. Since we were primarily responsible for the overall project management for the construction of UiTM Campus, the gross profit margin and net profit margin for the transaction with an associate were relatively low.

Save as the material related party transactions disclosed above and with respect to the other less material related party transactions set out in the Accountants' Report in Appendices IA and IB to this prospectus, our Directors also confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to us than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	FY2014	**FP2015**	**FY2016**	**1H2017**
Gross Profit Margin (%)(1)	7.1	8.3	20.2	18.4
Net Profit Margin (%)(2)	3.0	4.9	12.5	8.8
Return on equity (%)(3)	41.4	57.5	173.4	N/A
Return on total assets (%)(4)	5.9	5.5	10.2	N/A
Interest coverage(5)	9.5	8.7	4.6	5.7

	As at				
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017
Current ratio(6)	1.3	1.1	0.8	0.9	1.2
Gearing ratio (%)(7)	132.4	857.6	N/A	528.1	179.2
Debt to asset ratio (%)(8)	86.9	91.5	99.2	89.5	77.1

The following table sets forth the gearing ratio and debt to asset ratio on our principal operating subsidiaries which do not engage in the UiTM BLMT project ("**Non-Concession Subsidiaries**") as at each of the dates indicated:

	As at				
	30 September 2014	28 September 2015	30 September 2015	30 September 2016	31 March 2017
Gearing ratio on our Non-Concession Subsidiaries (%)(9)	132.4	169.3	169.3	56.2	35.1
Debt to asset ratio on our Non-Concession Subsidiaries (%)(10)	86.9	82.0	82.0	72.9	58.2

Notes:

(1) *Gross profit margin for FY2014, FP2015, FY2016 and 1H2017 was calculated on gross profit divided by turnover for the respective period. Please refer to the paragraph headed "Review of Historical Results of Operations" in this section for more details on our gross profit margins.*

(2) *Net profit margin for FY2014, FP2015, FY2016 and 1H2017 was calculated on net profit attributable to the Shareholders divided by turnover for the respective period. Please refer to the paragraph headed "Review of Historical Results of Operations" in this section for more details on our net profit margins.*

(3) *Return on equity equals profit for the period divided by average balance of total equity of the relevant period and multiplied by 100%. Average balance is calculated as the sum of the opening balance and closing balance of the respective period divided by two. Calculation of return on equity is on a full year basis.*

(4) *Return on total assets equals profit for the period divided by average balance of total assets of the relevant period and multiplied by 100%. Average balance is calculated as the sum of the opening balance and closing balance of the respective period divided by two. Calculation of return on total assets is on a full year basis.*

(5) *Interest coverage equals profit before interest and tax divided by interest expenses in the respective period.*

(6) *Current ratio is calculated as the total current assets divided by the total current liabilities.*

(7) *Gearing ratio is calculated as the total debt (banking borrowings, obligations under finance leases, consideration payables and amounts due to directors) divided by total equity and multiplied by 100%. The gearing ratio as at 30 September 2015 was not indicative in reflecting our financial position because of the modest equity base of our Group as at 30 September 2015 due to the elimination of pre-acquisition retained earnings of our principal operating subsidiaries as a result of the acquisition of BGMC Group by BGMC Builder on 28 September 2015. Please refer to the paragraph headed "Gearing ratio" in this section for further details.*

(8) *Debt to asset ratios is calculated as total liabilities divided by total assets and multiplied by 100%.*

(9) *Gearing ratio for our Non-Concession Subsidiaries is calculated as the total debt (banking borrowings excluding the term loan in relation to the UiTM BLMT project, obligations under finance leases and amounts due to directors) divided by the sum of total equity of each of the Non-Concession Subsidiaries and multiplied by 100%.*

(10) *Debt to asset ratio for Non-Concession Subsidiaries is calculated as the sum of total liabilities of each of the Non-Concession Subsidiaries divided by the sum of total assets of each of the Non-Concession Subsidiaries and multiplied by 100%.*

Return on equity

Our return on equity increased from 41.4% for FY2014 to 57.5% for FP2015, then increased from 57.5% for FP2015 to 173.4% for FY2016, primarily due to higher gross profit and net profit margin increased profitability, which was partially offset by increase in equity as the profits accumulated in retained earnings.

Return on total assets

Our return on total asset decreased from 5.9% for FY2014 to 5.5% for FP2015, primarily due to increase in total assets from acquisition of subsidiaries during FP2015, which did not contribute full year profit for FP2015. Our return on total assets increased from 5.5% for FP2015 to 10.2% for FY2016, which was mainly due to higher gross profit and net profit margin increased profitability.

Interest coverage

Our interest coverage decreased from 9.5 for FY2014 to 8.7 for FP2015 and then to 4.6 for FY2016 mainly reflected increased interest expenses incurred in relation to the term loan for UiTM BLMT Project due to acquisition of KAS Engineering, our concession subsidiary, on 28 September 2015. Interest coverage on our concession subsidiary that engage in the UiTM BLMT project was 2.3 for FY2016. Excluding the impact from our concession subsidiary, our interest coverage would be 21.6 for FY2016, which represented a significant increase as compared to that of FP2015 as contributed by the increase in revenue in FY2016. Our interest coverage remained increased from 4.6 for FY2016 to 5.7 for 1H2017, which was mainly due to the decrease in our interest expenses for 1H2017 reflected by the decrease in interest bearing bank borrowings.

Current ratio

Our current ratio decreased from 1.3 as at 30 September 2014 to 0.8 as at 30 September 2015, mainly due to the consideration payable of RM65.0 million incurred for acquisition of BGMC Group. It then remained relatively stable at 0.9 as at 30 September 2016. Our current ratio increased from 0.9 as at 30 September 2016 to 1.2 as at 31 March 2017, mainly due to the increase in amounts due from customers for contract work and the decrease in amounts due to customers for contract work as at the respective period ends.

Gearing ratio

Our gearing ratio increased from 132.4% as at 30 September 2014 to 857.6% as at 28 September 2015. The gearing ratio as at 30 September 2015 was not indicative in reflecting our financial position because of the modest equity base of our Group as at 30 September 2015 due to the elimination of pre-acquisition retained earnings of our principal operating subsidiaries as a result of the acquisition of BGMC Group by BGMC Builder on 28 September 2015. Our higher gearing ratio as at 30 September 2015 and 2016 was also due to two factors: (i) increased in bank borrowings balances due to acquisition of KAS Engineering, which contributed the term loan in relation to the UiTM BLMT Project to us (please refer to the following paragraphs for further details); and (ii) an inclusion of a consideration payable for the acquisition of BGMC Corporation of RM65 million. Our gearing ratio decreased to 528.1% as at 30 September 2016, which was primarily due to (i) increased equity as the profits accumulated in retained earnings, and (ii) decreased total debt attributed to the repayment of certain borrowings during the year ended 30 September 2016. Our gearing ratio further decreased to 179.2% as at 31 March 2017, which was primarily due to (i) decrease in consideration payable which was fully settled, and (ii) increase in equity attributable to the accumulated retained earnings and the capitalisation of amounts due to directors during the six months ended 31 March 2017.

Included in the total debt of the Group for the calculation of gearing ratio as at 28 September 2015, 30 September 2015 and 2016 is a term loan relates to the UiTM BLMT Project, which amounted to RM265.7 million and RM271.9 million as at 28 September 2015, 30 September 2015 and 2016 respectively. This term loan will be repaid monthly and in full after 11 years, and RM252.4 million and RM240.7 million were classified as non-current liability as at 28 September 2015, 30 September 2015 and 2016 respectively. As the substantial amounts of this term loan is non-current liability, including the amount of this loan in the ratio calculation has distorted our gearing ratio as at 28 September 2015, 30 September 2015 and 2016. Due to the non-current portion of the loan which is to be repaid in 11 years, our gearing ratio has been significantly increased. Although our equity balance may appear to be small, repayment of the non-current portion of the loan does not constitute heavy financial burden on us given that we will generate future income and cash flow in the coming 11 years. The gearing ratio on our Non-Concession Subsidiaries was 169.3%, 169.3% and 56.2% as at 28 September 2015, 30 September 2015 and 2016 respectively, which better reflect the gearing ratio of our principal constructions businesses. Our Non-Concession Subsidiaries managed to achieve a lower gearing ratio of 56.2% as at 30 September 2016 from 169.3% as at 30 September 2015 through repayment of borrowings while their profits for the year further accumulated in equity. For similar reasons, the gearing ratio on our Non-Concession Subsidiaries further decreased to 35.1% as at 31 March 2017.

BLMT projects are generally capital intensive and it is common in concession companies undertaking similar concession projects to recognise a significant amount of loan for financing the upfront capital investment. Notwithstanding our high gearing ratio which was mainly attributable to the aforesaid term loan, we receive long-term recurring cashflow from the availability charges and asset management services charges from the UiTM BLMT Project which sustain repayments to our debt and our gearing ratio is expected to be improved gradually through progress repayment of the term loan.

Debt to asset ratio

Our debt to asset ratio increased from 86.9% as at 30 September 2014 to 99.2% as at 30 September 2015 which was due to the increase in trade and other payable of RM65.0 million for the consideration payable for acquisition. Excluding the amount of consideration payable for acquisition, our debt to asset ratio would be 88.5% which was relatively stable as compared to 2014. Our debt to asset ratio then decreased to 89.5% as at 30 September 2016, primarily due to the increase in the Group's asset position contributed by our result of operations during the year. For similar reasons, our debt to asset ratio further decreased to 77.1% as at 31 March 2017.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

(a) Interest rate risk

Other than bank balances with variable interest rate, our Group has no other significant interest-bearing assets. Our management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Our Group is exposed to cash flow interest rate risk as certain of its bank balances and borrowings are subject to floating interest rates. Management will consider hedging significant interest rate exposure should the need arise. Our Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits and borrowings.

The following table illustrates the sensitivity of our Group's net profit for the Track Record Period due to a possible change in interest rates on our Group's floating rate borrowings and the term loan in relation to the UiTM BLMT Project ("**UiTM BLMT Term Loan**") with all other variables held constant at the end of each period (in practise, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	FY2014	**FP2015**	**FY2016**	**1H2017**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Change in net profit for the year/period				
Decrease/increase in 50 basis points				
Floating rate borrowings	+/-79	+/-1,179	+/-1,044	+/-987
UiTM BLMT Term Loan	+/-–	+/-–	+/-1,033	+/-958

The above sensitivity analysis is prepared based on the assumption that our Group's borrowings as at reporting dates existed throughout the whole respective financial year/period. For the UiTM BLMT Term Loan, it is assumed that the outstanding balances as at the reporting dates existed after the acquisition of KAS Engineering on 28 September 2015 and throughout the whole financial year in 2016 and the six months ended 31 March 2017.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rates over the next twelve months period.

(b) Credit risk

Our Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash and trade and other receivables.

For cash and cash equivalents and restricted cash, our management manages the credit risk by placing all the bank deposits in state-owned financial institutions or reputable banks which are all high-credit-quality financial institutions.

For trade receivables, our Group performs ongoing credit evaluations of our debtors' financial condition and does not require collateral from the debtors on the outstanding balances. Based on the expected recoverability and timing for collection of the outstanding balances, our Group maintains a provision for doubtful accounts and actual losses incurred have been within management's expectations.

As at 30 September 2014 and 28 September 2015, the BGMC Group has concentration of credit risk as 29% and 26% of the total trade and other receivables were due from the largest customer within the building and structures segment respectively; while 69% and 65% of the total trade and other receivables were due from five largest customers within the building and structures segment respectively. Other than this, the BGMC Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

As at 30 September 2016 and 31 March 2017, our Group has concentration of credit risk as 74% and 69% of the total trade and other receivables was due from the largest customer within the concession and maintenance segment. Other than this, our Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

For other receivables, our management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of our Company believe that there is no material credit risk inherent in our Group's outstanding balance of other receivables.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

Our Group's primary cash requirements have been for additions of and upgrades on property, plant and equipment, payment on related debts and payment for purchases and operating expenses. Our Group finances our working capital requirements through a combination of internal resources and bank borrowings, as necessary.

Our Group's policy is to regularly monitor current and expected liquidity requirements to ensure we maintain sufficient cash and cash equivalents and have available funding through adequate amount of committed credit facilities to meet our working capital requirements.

DIVIDEND POLICY

The recommendation of the payment of any future dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders.

No dividend had been declared or distributed by our Company since its incorporation up to and including the Latest Practicable Date. After the Listing, declaration of dividends will be subject to the recommendation of our Board after considering the above factors. Subject to the factors described above, our Board intends to recommend dividends of no less than 30% of our net profit available for distribution to the Shareholders in a financial year.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

As at 31 March 2017, our Company had no reserves available for distribution to our Shareholders.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK$0.75 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total listing expenses is estimated to be RM29.1 million, of which RM14.9 million is directly attributable to the issue of new Shares and to be accounted for as a deduction from the equity, and the remaining amount of RM14.2 million has been or will be reflected in our consolidated statements of profit or loss and other comprehensive income. Listing expenses of RM2.2 million and RM3.0 million, in relation to services already performed by relevant parties, were reflected in our consolidated statements of profit or loss and other comprehensive income for FY2016 and 1H2017, respectively, and an additional of RM9.0 million is expected to be recognised in our consolidated statements of comprehensive income subsequent to the Track Record Period and upon Listing.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 (1) of the Listing Rules is set out below to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 31 March 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 31 March 2017 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 as shown in the Accountants' Report as set out in Appendix IA to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2017	
	RM'000	*RM'000*	*RM'000*	*RM*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3 and 4)*	
Based on a minimum Offer Price of HK$0.60 per share	130,239	128,301	258,540	0.14	0.25
Based on a maximum Offer Price of HK$0.90 per share	130,239	198,870	329,109	0.18	0.32

Notes:

(1) *The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 is based on the consolidated net assets of the Group attributable to owners of the Company of RM160,517,682 as at 31 March 2017 as extracted from the Accountants' Report as set out in Appendix IA to this prospectus less goodwill and intangible assets of the Group of RM9,244,406 and RM21,034,015 respectively attributable to owners of the Company as at 31 March 2017.*

(2) *The estimated net proceeds from the Global Offering are based on 450,000,000 Shares to be issued at an offer price range of HK$0.60 and HK$0.90 per share, respectively, after deduction of the estimated underwriting fees and other related expenses incurred or expected to be incurred and borne by the Group (excluding listing expenses which has been charged to profit or loss up to 31 March 2017 by the Group). The calculation of such estimated net proceeds does not take into account of the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Malaysian Ringgit at an exchange rate of RM1 to HK$1.80, which was the exchange rate prevailing on 31 March 2017. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to Malaysian Ringgit amounts, or vice versa, at that rate or at any other rates or at all.*

(3) *The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after adjustments referred to in note 2 above and on the basis of 1,800,000,000 Shares in issue immediately following the Capitalisation Issue and the Global Offering had been completed on 31 March 2017. It does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.*

(4) *The unaudited pro forma consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of RM1 to HK$1.80, which was the exchange rate prevailing on 31 March 2017. No representation is made that Malaysia Ringgit amounts have been, could have been or could be converted to Hong Kong dollar amounts, or vice versa, at that rate or at any other rates or at all.*

(5) *No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.*

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that save as disclosed under sections headed "Summary — Recent Developments" and "Summary — No Material Adverse Change" in this prospectus, there is no event which could materially affect the information shown in our consolidated financial information included in the Accountant's Report set forth in Appendix IA to this prospectus since 31 March 2017, and as of the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects.

FUTURE PLANS

Please refer to the section headed "Business – Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds from the Global Offering, after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto, are estimated to be approximately HK$285.1 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$0.75 per Share, being the mid-point of the proposed Offer Price range of HK$0.60 to HK$0.90 per Share. We intend to use such net proceeds as follows:

- approximately HK$185.3 million or RM102.9 million (or approximately 65.0% of our total estimated net proceeds) will be used for financing the start-up, operation and implementation costs for our prospective construction projects, including costs for procuring raw materials, mechanical and electrical equipment and sub-contractors, as part of our business strategies to increase our market share in the construction industry in Malaysia and overseas;

- approximately HK$71.3 million or RM39.6 million (or approximately 25.0% of our total estimated net proceeds) will be used to finance the acquisition of additional machinery and equipment to lower construction costs in the long-term. We intend to use RM19.4 million to acquire lifting, hoisting and transporting equipment with unit costs ranging from RM90,000 to RM2.0 million; RM13.4 million to acquire reusable aluminium formwork with unit costs ranging from RM1.5 million to RM2.2 million; and RM6.8 million to acquire other machines and equipment including static concrete pumps and drilling machines with unit costs ranging from RM0.3 million to RM1.0 million. These machines are expected to have a useful life of 10 years. Please refer to the section headed "Business – Our Strategies" for details about machineries we plan to acquire; and

- approximately HK$28.5 million or RM15.8 million (or approximately 10.0% of our total estimated net proceeds) will be used for working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$348.6 million or decrease to approximately HK$221.5 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK$332.6 million, assuming an Offer Price of HK$0.75 per Share, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the net proceeds of the Global Offering, including the proceeds from the exercise of the Over-allotment Option, will increase or decrease to approximately HK$405.7 million or HK$259.6 million, respectively. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we intend to deposit such net proceeds into interest-bearing bank accounts with licenced banks and/or financial institutions as permitted by the relevant laws and regulations.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, as of the Latest Practicable Date, the following persons will, immediately following completion of the Capitalisation Issue and the Global Offering, taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme, have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of our Group:

(a) Interest in the Shares

Name of Shareholder	Capacity/Nature of Interest	Number of Shares(Note 1)	Approximate percentage of shareholding immediately following the completion of the Capitalisation Issue and the Global Offering(Note 2)
Tan Sri Barry Goh *(Note 3)*	Interest of controlled corporation and interests held jointly with other persons	1,269,000,000(L)	70.5%
Prosper International *(Note 3)*	Beneficial owner and interests held jointly with other persons	1,269,000,000(L)	70.5%
Dato' Michael Teh *(Note 3)*	Interest of controlled corporation and interests held jointly with other persons	1,269,000,000(L)	70.5%
Seeva International *(Note 3)*	Beneficial owner and interests held jointly with other persons	1,269,000,000(L)	70.5%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the total number of 1,800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to exercise of the Over-allotment Option or any Shares which may be issued pursuant to exercise of any option that may be granted under the Share Option Scheme).

(3) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they have been parties acting in concert with each other with respect to their interests in or the business of the Company and the relevant members of our Group since they became shareholders of BGMC Builder and will continue to act in concert

after the signing of the Concert Party Confirmatory Deed. Further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in this prospectus.

The aggregate 1,269,000,000 Shares interested by them consist of (i) 864,000,000 Shares beneficially owned by Prosper International, which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares beneficially owned by Seeva International, which in turn is beneficially wholly-owned by Dato' Michael Teh.

(b) Interest in the share capital of other members of our Group

Name of shareholder	Relevant company	Capacity/Nature of Interest	Approximate percentage of shareholding
Chong Nyen Loong	Built-Master Engineering	Beneficial owner	20.0%
Chua Cheng Yik	Headway Construction	Beneficial owner	49.0%

Except as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Capitalisation Issue and the Global Offering (assuming none of the Over-allotment Option or any option that may be granted under the Share Option Scheme is exercised), have interests or a short position in Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme):

		HK$
Authorised share capital:		
5,000,000,000	Shares of HK$0.01 each	50,000,000
Shares issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue:		
1,000	Shares in issue as at the date of this prospectus	10
1,349,999,000	Shares to be issued pursuant to the Capitalisation Issue	13,499,990
450,000,000	Shares to be issued pursuant to the Global Offering	4,500,000
Total Shares issued and to be issued immediately upon completion of the Capitalisation Issue and the Global Offering:		
1,800,000,000	Shares	18,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalisation Issue and the Global Offering are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, any Shares which may be issued pursuant to exercise of any option that may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus and will qualify for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date, save for any entitlement to the Capitalisation Issue.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares in the share capital of our Company with a total nominal value of not more than:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme); and

(b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares referred to in the paragraph headed "General Mandate to Repurchase Shares" below.

Our Directors may, in addition to our Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement.

This mandate will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company; or

(b) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or the Companies Law or any other applicable law of the Cayman Islands; or

(c) the time when such mandate is revoked or renewed by an ordinary resolution of our Shareholders at a general meeting.

See the section headed "Appendix IV – Statutory and General Information – Further Information about our Group – 4. Written resolutions of the Shareholders of our Company passed on 3 July 2017" in this prospectus for further details.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue following the completion of the Capitalisation Issue and Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares which may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Appendix IV – Statutory and General Information – Further Information about our Group – 6. Repurchases of our Company's securities – (a) Provisions of the Listing Rules" in this prospectus.

This mandate will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable law of the Cayman Islands to be held; or

(c) the time when such mandate is varied, revoked or renewed by an ordinary resolution of our Shareholders at a general meeting.

See the section headed "Appendix IV – Statutory and General Information – Further Information about our Group – 4. Written resolutions of the Shareholders of our Company passed on 3 July 2017" in this prospectus for further details.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of our Articles, our Company may from time to time by an ordinary resolution of our Shareholders (i) increase its capital; (ii) consolidate or divide all or any of its share capital into Shares of larger amount than its existing Shares; (iii) cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares so cancelled; (iv) sub-divide its Shares or any of them into Shares of smaller amount than that is fixed by our Memorandum; and (v) cancel any Shares which not been taken. In addition, our Company may by a special resolution reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Law, including confirmation by the court. See the paragraph headed "Appendix III – Summary of the Constitution of our Company and Cayman Islands Companies Law" in this prospectus for further details.

Pursuant to the Companies Law and the terms of our Articles, all or any of the special rights attached to our Shares or any class of our Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. See the paragraph headed "Appendix III – Summary of the Constitution of our Company and Cayman Islands Companies Law" in this prospectus for further details.

HONG KONG UNDERWRITERS

The Hong Kong Underwriters are:

Fortune (HK) Securities Limited

China Everbright Securities (HK) Limited

Head & Shoulders Securities Limited

INTERNATIONAL UNDERWRITERS

The International Underwriters are:

Fortune (HK) Securities Limited

China Everbright Securities (HK) Limited

Head & Shoulders Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 45,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Joint Bookrunners),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Joint Bookrunners, the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Joint Bookrunners with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Joint Bookrunners:

(i) that any statement contained in any of this prospectus and the Application Forms and/or any notices, announcements, advertisements or other documents issued by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Joint Bookrunners, fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and the Controlling Shareholders (the "**Warrantors**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group ("**Group Company**"); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any expert has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) a material portion of the orders in the bookbuilding process at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Joint Bookrunners, in their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Joint Bookrunners in its sole absolute opinion to be material; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange and the Shenzhen Stock Exchange; or

(iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgement (s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, Malaysia, the Cayman Islands, the United Kingdom, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors and senior management member of our Company as set out in the "Directors, Senior Management and Employees" section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any investigation or action against a Director or a member of the senior management as set out in the section headed "Directors, Senior Management and Employees" in this prospectus, in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case stated in (b) above individually or in aggregate in the sole and absolute opinion of the Joint Bookrunners:

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of or transactions contemplated under the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it shall not:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the "**Relevant Shares**"); or

(b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any securities in our Company beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other

Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken jointly and severally to each of the Stock Exchange, our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the "**Controlled Entities**") shall not,

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

(i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please refer to the section headed "Structure and conditions of the Global Offering – International Placing" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the International Underwriters from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offer to require us to issue and allot up to an aggregate of 67,500,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator an underwriting commission of 5% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer (excluding any International Placing Shares reallocated to the Hong Kong Public Offer and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters, but not the Hong Kong Underwriters.

In addition, the Company may, at its discretion, pay an additional incentive fee to any of the Sole Global Coordinator and/or Joint Bookrunner(s) in the manner as set out in the International Underwriting Agreement.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$0.75 (being the mid-point of the stated range of the Offer Price between HK$0.60 and HK$0.90), the aggregate underwriting fees and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK$52.4 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong

Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering.

The Global Offering initially consists of:

(i) the Hong Kong Public Offering of 45,000,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described in the paragraph headed "Hong Kong Public Offering" in this section below; and

(ii) the International Placing of an aggregate of 405,000,000 Offer Shares by our Company (subject to adjustment and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors' indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to adjustment and, in the case of the International Placing only, the Over-allotment Option as set out in the paragraph headed "International Placing – Over-allotment Option" in this section below.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Bookrunners agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. Details of the underwriting arrangements are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalisation Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option and such listing and permission not subsequently having been revoked prior to the commencement of dealing in our Shares on the Stock Exchange;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Joint Bookrunners and our Company on the Price Determination Date, which is expected to be on or around Thursday, 3 August 2017 and in any event, not later than Monday, 7 August 2017.

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners and our Company by Monday, 7 August 2017, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.bgmc.asia** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Tuesday, 8 August 2017 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 9 August 2017 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in the section "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for termination" in this prospectus has not been exercised. Investors who trade the Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 45,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Placing; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Offer Shares will represent approximately 2.5% of our Company's issued shares immediately after completion of the Global Offering and the Capitalisation Issue without taking into account any Shares which may be issued and allotted upon any exercise of Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total available Shares under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B with any odd Board Lots being allocated to pool A. Accordingly, the maximum number of Hong Kong Offer Shares initially in pool A and pool B will be 22,500,000 and 22,500,000 respectively. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this section only, the "price" for Offer Shares means the price payable on application therefor (without regard to the

Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 22,500,000 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 135,000,000 Offer Shares, 180,000,000 Offer Shares and 225,000,000 Offer Shares representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) in each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deem appropriate. In addition, in certain prescribed circumstances, the Joint Bookrunners may, at their sole and absolute discretion, reallocate International Placing Shares as they deem appropriate from the International Placing to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Joint Bookrunners may, at their sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportion as the Joint Bookrunners deem appropriate.

Applications

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$0.90 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of

0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph "Price Determination of the Global Offering" below in this section, is less than the maximum price of HK$0.90 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 405,000,000 Shares (subject to adjustment and the Over-allotment Option). Subject to any reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the International Placing Shares will represent approximately 90% of our enlarged issued shares immediately after completion of the Global Offering without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.

The International Placing is subject to the same conditions as stated in the paragraph headed "Conditions of the Global Offering" below in this section.

Allocation

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the Sole Global Coordinator (for itself and on behalf of the International Underwriters) that exercisable at the sole discretion of the Sole Global Coordinator (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Sole Global Coordinator have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 67,500,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover, over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged shares immediately following the completion of the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may fall to be issued upon the exercise of any options to be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Thursday, 3 August 2017, and in any event not later than Monday, 7 August 2017, by agreement between the Joint Bookrunners and our Company.

The Offer Price will be not more than HK$0.90 per Share and is expected to be not less than HK$0.60 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese), and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.bgmc.asia** notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Bookrunners and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Joint Bookrunners, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Tuesday, 8 August 2017 in the manner set out in the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus.

STABILISATION ACTION

Stabilisation is a practise used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activities aimed at reducing the market price are prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

Fortune (HK) Securities Limited has been appointed by us as the stabilising manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. Any market purchase of the Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 67,500,000 Shares in aggregate, which is approximately 15% of the Shares initially available under the Global Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules includes (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (iii) subscribing, or agreeing to subscribe, for our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; (v) selling, or agreeing to sell, our Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The Stabilising Manager, its affiliates or any person acting for it, may take all or any of the above stabilising action in Hong Kong during the stabilisation period.

Specifically, prospective applicants for and investors in the Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilising Manager, its affiliates or any other person acting for it, may have an adverse impact on the market price of the Shares;

- stabilising action cannot be used to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Global Offering, the Stabilising Manager may over-allocate up to and not more than an aggregate of 67,500,000 additional Shares and cover such over allocations by exercising the Over-allotment Option, which will be exercisable by the Stabilising Manager (on behalf of the International Underwriters) at its sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 9 August 2017, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 9 August 2017, and will be traded in Board Lots of 4,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **eWhite Form** service at **www.ewhiteform.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **eWhite Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid email address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **eWhite Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/ or any its subsidiaries;

- a Director or chief executive officer of our Company and/ or any of its subsidiaries;
- an associate and/or a close associate (as defined in the Listing Rules) of any of the above;
- a connected and/or core connected person (as defined in the Listing Rules) of our Company or will become a connected and/or core connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.ewhiteform.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 31 July 2017 until 12:00 noon on Thursday, 3 August 2017 from:

(i) any of the following offices of the Joint Bookrunners:

China Everbright Securities (HK) Limited
24/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Fortune (HK) Securities Limited
35/F, Office Tower
Convention Plaza
Wan Chai
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F, Cosco Tower
183 Queen's Road Central
Hong Kong

(ii) any of the branches of the following receiving bank:

DBS Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island	United Centre Branch	Shops 1015-1018 on 1/F & Shops 2032-2034 on 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
Kowloon	Amoy Plaza Branch	Shops G193-195, Amoy Plaza, 77 Ngau Tau Kok Road, Ngau Tau Kok, Kowloon
	Mei Foo Branch	Shops N26A & N26B, Stage V, Mei Foo Sun Chuen, 10 & 12 Nassau Street
	Nathan Road – SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok, Kowloon
	San Po Kong – SME Banking Centre	Unit 01 & 02, G/F, Winning Centre, 29 Tai Yau Street, San Po Kong, Kowloon
	Kowloon Bay – SME Banking Centre	Shop 6, G/F, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Kowloon
New Territories	Tuen Mun Town Plaza – SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 31 July 2017 until 12:00 noon on Thursday, 3 August 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**Ting Hong Nominees Limited — BGMC Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Monday, 31 July 2017	—	9:00 a.m. to 5:00 p.m.
Tuesday, 1 August 2017	—	9:00 a.m. to 5:00 p.m.
Wednesday, 2 August 2017	—	9:00 a.m. to 5:00 p.m.
Thursday, 3 August 2017	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 3 August 2017, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **eWhite Form** service, among other things, you (and if you are joint applicant, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/ or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/ or its agents to send any Share certificate(s) and/ or any e-Refund system payment instructions and/ or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/ or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, the Sole Global Coordinator and the Hong Kong Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **eWhite Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH eWHITE FORM SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **eWhite Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.ewhiteform.com.hk**.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for Submitting Applications under the eWhite Form service

You may submit your application to the **eWhite Form** Service Provider at **www.ewhiteform.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 31 July 2017 until 11:30 a.m. on Thursday, 3 August 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 3 August 2017 or such later time under the paragraph headed "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **eWhite Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **eWhite Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **eWhite Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
- confirm that you understand that our Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/ or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/ or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/ or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is

Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/ or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/ Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 31 July 2017	—	9:00 a.m. to 8:30 p.m.(1)
Tuesday, 1 August 2017	—	8:00 a.m. to 8:30 p.m.(1)
Wednesday, 2 August 2017	—	8:00 a.m. to 8:30 p.m.(1)
Thursday, 3 August 2017	—	8:00 a.m.(1) to 12:00 noon

Note:

(1) *These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.*

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 31 July 2017 until 12:00 noon on Thursday, 3 August 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 3 August 2017, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/ or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic**

application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/ CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 3 August 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **eWhite Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** service in respect of a minimum of 4,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.ewhiteform.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed "Structure and Conditions of the Global Offering – Price Determination of the Global Offering " in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 3 August 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 3 August 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, 8 August 2017 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at **www.bgmc.asia** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/ passport/ Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.bgmc.asia** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. Tuesday, 8 August 2017;
- from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Tuesday, 8 August 2017 to 12:00 midnight on Monday, 14 August 2017;
- by telephone enquiry line by calling (852) 2153-1688 between 9:00 a.m. and 6:00 p.m. from Tuesday, 8 August 2017 to Monday, 14 August 2017 (excluding Saturday, Sunday and Public holiday in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 8 August 2017 to Thursday, 10 August 2017 at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/ or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **eWhite Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **eWhite Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/ or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 22,500,000 Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$0.90 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure and Conditions of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Tuesday, 8 August 2017.

14. DESPATCH/ COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/ or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/ passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch / collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around

Tuesday, 8 August 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 9 August 2017 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/ or Share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 8 August 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/ or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/ or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 8 August 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 8 August 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 8 August 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the paragraph headed "11. Publication of Results" above in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 8 August 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the eWhite Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 8 August 2017, or such other date as notified by our Company in the newspapers as the date of despatch / collection of Share certificates / e-Refund payment instructions/ refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 8 August 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be paid to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 8 August 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/ passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "11. Publication of Results" above in this section on Tuesday, 8 August 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 8 August 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 8 August 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/ or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 8 August 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages IA-1 to IA-61, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BGMC INTERNATIONAL LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

Introduction

We report on the historical financial information of BGMC International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages IA-4 to IA-61, which comprises the consolidated statements of financial position as at 30 September 2015, 30 September 2016 and 31 March 2017, the statement of financial position of the Company as at 31 March 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the period from 2 July 2015 (date of incorporation of BGMC Builder Sdn. Bhd.) to 30 September 2015, the year ended 30 September 2016 and the six months ended 31 March 2017 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IA-4 to IA-61 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 July 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial positions as at 30 September 2015, 30 September 2016 and 31 March 2017, of the Company's financial position as at 31 March 2017, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 31 March 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board (the "IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (the "ISA") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IA-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 July 2017

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board (the "IASB") and were audited by us in accordance with ISA issued by the IAASB ("Underlying Financial Statements").

The Historical Financial Information is presented in Malaysia Ringgit ("RM") except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**2.7.2015 to 30.9.2015**	**1.10.2015 to 30.9.2016**	**1.10.2015 to 31.3.2016**	**1.10.2016 to 31.3.2017**
		RM	*RM*	*RM* *(Unaudited)*	*RM*
Revenue	*5(a)*	–	516,879,122	229,094,230	359,093,402
Cost of sales		–	(412,617,611)	(180,673,931)	(293,185,226)
Gross profit		–	104,261,511	48,420,299	65,908,176
Income from a concession agreement	*5(b)*	–	44,240,090	15,492,773	21,838,857
Other income		–	230,706	40,679	274,751
Administrative and other expenses		–	(38,252,274)	(15,786,441)	(31,743,527)
Other gain	*6*	–	18,692	18,692	–
Finance costs	*7*	–	(23,868,286)	(11,772,020)	(9,818,035)
Profit before tax	*8*	–	86,630,439	36,413,982	46,460,222
Income tax expense	*9*	–	(21,649,639)	(9,980,009)	(14,906,079)
Profit and total comprehensive income for the period/year		–	64,980,800	26,433,973	31,554,143
Profit (loss) and total comprehensive income (expense) for the period/year attributable to:					
Owners of the Company		–	62,919,122	25,094,689	32,598,460
Non-controlling interests		–	2,061,678	1,339,284	(1,044,317)
		–	64,980,800	26,433,973	31,554,143
Earnings per share					
Basic (RM cents)	*11*	–	4.66	1.86	2.41

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	30.9.2015	30.9.2016	31.3.2017
		RM	RM	RM
ASSETS				
Non-current Assets				
Property, plant and equipment	13	21,913,580	31,158,663	37,681,015
Goodwill	14	9,244,406	9,244,406	9,244,406
Intangible assets	15	35,147,971	26,995,694	22,007,948
Deferred tax assets	16	5,561,000	–	–
Trade receivables	17	–	285,723,873	283,573,163
Amounts due from customers for contract works	18	289,694,463	–	–
		361,561,420	353,122,636	352,506,532
Current Assets				
Amounts due from customers for contract works	18	72,956,330	134,053,951	202,873,103
Trade and other receivables, deposits and prepayments	17	165,860,836	104,700,898	133,896,474
Tax recoverable		–	270,561	–
Fixed deposits	19	2,248,099	40,605,075	22,313,624
Bank balances and cash	19	2,312,638	36,796,445	17,574,103
		243,377,903	316,426,930	376,657,304
TOTAL ASSETS		604,939,323	669,549,566	729,163,836

	NOTES	30.9.2015	30.9.2016	31.3.2017
		RM	RM	RM
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	20	100	100	6
Reserves		–	62,919,122	160,517,676
Equity attributable to owners of the Company		100	62,919,222	160,517,682
Non-controlling interests		4,850,390	7,164,567	6,120,250
		4,850,490	70,083,789	166,637,932
Non-current Liabilities				
Obligations under finance leases	21	5,692,839	11,449,863	14,542,440
Borrowings	22	290,606,691	240,694,810	229,427,434
Deferred tax liabilities	16	7,776,363	7,637,422	10,465,945
		304,075,893	259,782,095	254,435,819
Current Liabilities				
Amounts due to customers for contract works	18	66,497,729	23,453,638	2,692,111
Trade and other payables	23	166,355,970	218,704,857	222,938,962
Amounts due to directors	24	23,410,410	38,164,630	16,156,606
Obligations under finance leases	21	5,259,699	4,816,019	8,252,759
Borrowings	22	23,924,731	33,981,552	30,209,815
Tax liabilities		10,564,401	20,562,986	27,839,832
		296,012,940	339,683,682	308,090,085
TOTAL LIABILITIES		600,088,833	599,465,777	562,525,904
TOTAL EQUITY AND LIABILITIES		604,939,323	669,549,566	729,163,836

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	NOTES	**31.3.2017**
		RM
ASSETS		
Non-current Asset		
Investments in subsidiaries	*25*	446
Current Assets		
Deferred listing expenses		1,700,862
Bank balances and cash		501,218
		2,202,080
TOTAL ASSETS		2,202,526
EQUITY AND LIABILITIES		
Capital and Reserve		
Share capital	*20, 25*	6
Accumulated loss	*25*	(3,215,534)
		(3,215,528)
Current Liability		
Other payables	*23*	5,418,054
TOTAL EQUITY AND LIABILITIES		2,202,526

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital	Other reserve	Retained earnings	Total	Non-controlling interests	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Issued share capital upon incorporation (note 20)	2	–	–	2	–	2
Issue of shares (note 20)	98	–	–	98	–	98
Non-controlling interests arising from acquisition of subsidiaries (note 30)	–	–	–	–	4,850,390	4,850,390
At 30 September 2015	100	–	–	100	4,850,390	4,850,490
Profit and total comprehensive income for the year	–	–	62,919,122	62,919,122	2,061,678	64,980,800
Contribution from non-controlling interests	–	–	–	–	252,499	252,499
At 30 September 2016	100	–	62,919,122	62,919,222	7,164,567	70,083,789
Profit (loss) and total comprehensive income (expense) for the period	–	–	32,598,460	32,598,460	(1,044,317)	31,544,143
Arising from reorganisation (Note i)	(94)	94	–	–	–	–
Deemed contribution from equity holders (Note ii)	–	65,000,000	–	65,000,000	–	65,000,000
At 31 March 2017	6	65,000,094	95,517,582	160,517,682	6,120,250	166,637,932
(Unaudited)						
At 1 October 2015	100	–	–	100	4,850,390	4,850,490
Profit and total comprehensive income for the period	–	–	25,094,689	25,094,689	1,339,284	26,433,973
At 31 March 2016	100	–	25,094,689	25,094,789	6,189,674	31,284,463

Notes:

i. Amount represents the transfer of the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of BGMC Builder Sdn. Bhd. to the other reserve when the Company became the holding company of BGMC Builder Sdn. Bhd. upon the completion of reorganisation on 6 December 2016. Details of reorganisation are set out in the note 1 to the Historical Financial Information.

ii. Amount represent the repayment of amounts due to directors of RM65,000,000 through the issue of additional shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited on 26 January 2017 (note 24). The directors are also the controlling shareholders of the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	NOTE	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
		RM	RM	RM (Unaudited)	RM
OPERATING ACTIVITIES					
Profit before tax		–	86,630,439	36,413,982	46,460,222
Adjustments for:					
Amortisation of intangible assets		–	8,152,277	3,404,844	4,987,746
Depreciation of property, plant and equipment		–	5,144,361	2,076,234	3,633,901
Finance costs		–	23,868,286	11,772,020	9,818,035
Gain on disposal of property, plant and equipment		–	(18,692)	(18,692)	–
Interest income from bank deposits		–	(200,594)	(24,053)	(254,306)
Imputed interest income from trade receivables		–	(44,240,090)	(15,492,773)	(21,838,857)
Operating cash flows before movements in working capital		–	79,335,987	38,131,562	42,806,741
Decrease (increase) in amounts due from customers for contract works		–	228,596,842	290,495,995	(68,819,152)
Increase in trade and other receivables, deposits and prepayments		–	(189,255,838)	(275,495,802)	(7,393,074)
Increase in trade and other payables		–	79,942,466	17,281,040	45,270,925
Decrease in amounts due to customers for contract works		–	(43,044,091)	(34,328,835)	(20,761,527)
Cash from (used in) operations		–	155,575,366	36,083,960	(8,896,087)
Tax paid		–	(6,499,556)	(4,417,395)	(4,530,149)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		–	149,075,810	31,666,565	(13,426,236)
INVESTING ACTIVITIES					
Interest received		–	200,594	24,053	254,306
Purchase of property, plant and equipment		–	(3,254,666)	(2,215,583)	(670,203)
Proceeds from disposal of property, plant and equipment		–	40,000	40,000	–
Advances to related parties		–	(51,945,755)	(22,950,541)	(94,645)
Repayments from related parties		–	60,877,748	32,728,661	2,281,710
Placement of restricted bank balances		–	(7,997,240)	(6,038,574)	(18,090,286)
Withdrawal of restricted bank balances		–	6,880,008	–	19,186,578
Placement of fixed deposits		–	(3,269,370)	(2,667,774)	(18,543,004)
Withdrawal of fixed deposits		–	–	2,248,099	3,780,000
Net cash inflow (outflow) on acquisition of subsidiaries	30	2,312,638	–	–	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		2,312,638	1,531,319	1,168,341	(11,895,544)

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* (Unaudited)	*RM*
FINANCING ACTIVITIES				
Interest paid	–	(23,868,286)	(11,772,020)	(9,818,035)
New borrowings raised	–	27,166,338	22,194,285	–
Repayments of borrowings	–	(56,376,963)	(29,543,769)	(22,495,794)
Repayments of obligations under finance leases	–	(5,842,742)	(7,295,249)	(2,956,733)
(Decrease) increase in bank overdrafts	–	(10,644,435)	(5,705,441)	7,456,681
Advances from related parties	–	12,015,543	11,596,774	–
Repayments to related parties		(15,609,122)	(6,627,480)	(36,820)
Advances from directors	–	7,209,900	4,209,900	1,991,976
Repayments to directors	–	(16,455,680)	(5,475,437)	–
Contribution from non-controlling interests	–	252,499	–	–
NET CASH USED IN FINANCING ACTIVITIES	–	(82,152,948)	(28,418,437)	(25,858,725)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,312,638	68,454,181	4,416,469	(51,180,505)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	–	2,312,638	2,312,638	70,766,819
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	2,312,638	70,766,819	6,729,107	19,586,314
Cash and cash equivalents at end of period/year are determined as follows:				
Bank balances and cash	2,312,638	36,796,445	12,767,681	17,574,103
Fixed deposits	2,248,099	40,605,075	2,667,774	22,313,624
Less: restricted bank balances	–	(1,117,232)	(6,038,574)	(20,940)
Less: pledged fixed deposits	(2,248,099)	(4,515,332)	(2,667,774)	(6,980,473)
Less: fixed deposits with maturity more than three months	–	(1,002,137)	–	(13,300,000)
	2,312,638	70,766,819	6,729,107	19,586,314

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 18 November 2016.

The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section in the Prospectus.

The Group is principally engaged in the provision of a wide range of construction services.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with IFRSs issued by the IASB.

Pursuant to the group reorganisation as set out in the section headed "History, Development and Reorganisation" in the Prospectus ("Group Reorganisation"), BGMC Malaysia Limited was interspersed between BGMC Builder Sdn. Bhd. and its shareholders on 6 December 2016, and then the Company was interspersed between BGMC Malaysia Limited and its shareholders on the same day. Thereafter, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from this Group Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group which include the results, changes in equity and cash flows of the companies comprising the Group for the Relevant Periods have been prepared as if the Company had always been the holding company of the companies now comprising the Group and the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, where it is a shorter period.

The consolidated statements of financial position of the Group as at 30 September 2015, 30 September 2016 and 31 March 2017 present the assets and liabilities of the companies comprising the Group which had been incorporated on those dates and as if the current group structure had been in existence as at those dates.

The Historical Financial Information is presented in RM, which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Group has consistently adopted all the new and revised IFRSs which are effective for annual accounting periods beginning on 1 October 2016 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and amendments to IFRSs that are not yet effective for annual accounting periods beginning on 1 October 2016. The Group has not early applied these new and amendments to IFRSs.

Amendments to IFRSs	Annual Improvements to IFRS 2014-2016 Cycle[1]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]
IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers and the relevant Amendments[2]
IFRS 16	Leases[3]
IFRS 17	Insurance Contracts[6]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 7	Disclosure Initiative[5]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]
Amendments to IAS 40	Transfers of Investment Property[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[2]
IFRIC 23	Uncertainty over Income Tax Treatments[3]

1 *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

2 *Effective for annual periods beginning on or after 1 January 2018.*

3 *Effective for annual periods beginning on or after 1 January 2019.*

4 *Effective for annual periods beginning on or after a date to be determined.*

5 *Effective for annual periods beginning on or after 1 January 2017.*

6 *Effective for annual periods beginning on or after 1 January 2021.*

Except as described below, the directors of the Company anticipate that the application of the other new and amendments to IFRSs will not have material impact on the Group's financial performance and positions and/or the disclosures to the future consolidated financial statements of the Group.

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the directors of the Company anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 March 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price

- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Under IFRS 15, revenue is recognised over time or at a point in time while under IAS 11 contract revenue is recognised by reference to the stage of completion. The directors of the Company expect that revenue will continue to be recognised as the contract process, broadly similar to the method under IAS 11.

However, revenue recognition will be significantly delayed if it cannot be established that performance obligations are satisfied over time. In addition, contract modifications will be required to be approved before revenue is recognised. The new requirement may result in revenue from contract modification to be recognised later than it would have been under IAS 11.

The directors of the Company anticipate that the application of IFRS 15 in the future may affect the timing of recognition of amounts reported and the disclosures made in the Historical Financial Information.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 March 2017, the Group has operating lease commitments of RM936,119 as disclosed in note 29. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

Amendments to IAS 7 *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared in accordance with IFRSs issued by the IASB. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IFRS 2 *Share-based Payment* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiary

Changes in the Group ownership interest in subsidiary that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement*, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised) are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see the accounting policy above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in subsidiaries

The investments in subsidiaries are stated at cost less accumulated impairment loss, if any.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or a cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, fixed deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Group's policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Building maintenance service, and supply and installation of elevators income are recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statements of financial position under "trade and other payables". Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under "trade and other receivables, deposits and prepayments".

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state-managed retirement benefit schemes and the Employees Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts

The Group recognises contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised.

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the consolidated statements of profit or loss and other comprehensive income, income tax and deferred tax provisions in the period in which such determination is made. As at 30 September 2015, 30 September 2016 and 31 March 2017, the Group has tax recoverable of nil, RM270,561 and nil respectively, tax liabilities of RM10,564,401, RM20,562,986 and RM27,839,832 respectively, deferred tax assets of RM5,561,000, nil and nil respectively, and deferred tax liabilities of RM7,776,363, RM7,637,422 and RM10,465,945 respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 September 2015, 30 September 2016 and 31 March 2017, the carrying amounts of goodwill are RM9,244,406, RM9,244,406 and RM9,244,406 respectively. Details of the recoverable amount calculation are disclosed in note 14.

5. REVENUE, INCOME FROM A CONCESSION AGREEMENT AND SEGMENT INFORMATION

(a) Revenue

An analysis of the Group's revenue for the Relevant Periods is as follows:

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Construction contracts revenue	–	508,062,589	226,356,800	353,810,932
Supply and installation of elevators	–	23,000	–	–
Building maintenance service income	–	8,793,533	2,737,430	5,282,470
	–	516,879,122	229,094,230	359,093,402

(b) Income from a concession agreement

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Income from a concession agreement – imputed interest income	–	44,240,090	15,492,773	21,838,857

KAS Engineering Sdn. Bhd. ("KAS Engineering"), which became a wholly-owned subsidiary of BGMC Builder Sdn. Bhd. on 28 September 2015, entered into a concession agreement on 14 March 2012 with Universiti Teknologi Mara ("UiTM") and the Government of Malaysia (the "Government") as represented by the Ministry of Higher Education Malaysia under a private finance initiative for the right and authority to undertake the financing, planning, design, development, construction, landscaping, equipping, installations, completion, testing and commissioning of the facilities and infrastructure of a UiTM campus in Dengkil, Malaysia and to carry out the property management services in relation to the maintenance of the facilities and infrastructure.

This concession agreement is for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works commencing immediately from the date when the construction and related infrastructure works were accepted by UiTM and ending on the 23rd anniversary of the commencement date (the "Maintenance Period"). The maintenance works will commence upon the issuance of Certificate of Acceptance by UiTM and expire on the last date of the Maintenance Period (the "Repayment Period").

UiTM will pay the Group throughout the Maintenance Period (i) equal monthly concession charges for the enjoyment of the availability of the facilities which was provided by KAS Engineering over the initial 3 years of construction works ("Availability Charges"); and (ii) monthly infrastructure and maintenance charges for the provision of maintenance works to be provided by KAS Engineering in accordance with the provisions of the concession agreements. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The construction of the facilities and infrastructures of the university campus were completed on 25 September 2015 and accepted by UiTM on 25 November 2015 which represents the commencement of the Maintenance Period of the facilities and infrastructure. Upon acceptance by UiTM, the balance previously recognised as amounts due from customers for contract works was reclassified to trade receivables.

The financial asset arising from the above concession agreements, which represents the fair value of the consideration receivable for the construction services delivered during the stage of construction, amounted to RM290,538,743 and RM287,709,166 as at 30 September 2016 and 31 March 2017 respectively, and is included as trade receivables as disclosed in note 17. Such receivable is settled by equal monthly Availability Charges over the Repayment Period. Since the KAS Engineering's entitlement to receive the Availability Charges were resulted from construction work provided by KAS Engineering, as well as the provision of finance in respect of such work over the Repayment Period, the related trade receivable were discounted over the Repayment Period using an effective interest rate of 15.1% per annum. The imputed interest income recognised for the year ended 30 September 2016, the six months ended 31 March 2016 and 2017 amounted to RM44,240,090, RM15,492,773 (unaudited) and RM21,838,857 respectively.

All rights, interest and title limited to the Availability Charges, any amount payable by the Government of Malaysia, and reimbursement of costs by UiTM under the aforesaid concession agreement are assigned to a financial institution to secure a term loan facility granted to KAS Engineering as disclosed in note 22.

(c) Segment information

Information reported to the Executive Directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. This is the basis which the Group is organised.

Specifically, the Group's operating and reportable segments under IFRS 8 *Operating Segments* are as follows:

a. Building and structures – provision of construction services in building and structural construction works;

b. Energy transmission and distribution – provision of construction services in energy transmission and distribution works;

c. Mechanical and electrical – provision of construction services in mechanical and electrical installation works;

d. Earthworks and infrastructure – provision of construction services in earthworks and infrastructure construction works; and

e. Concession and maintenance – provision of construction services under private finance initiative and related post-construction property management services in relation to the maintenance of the related facilities and infrastructure.

In addition to the above reportable segments, the Group has certain operating segments (including supply and installation of elevators) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under "Others" segment.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 30 September 2016

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
SEGMENT REVENUE									
External revenue	371,294,816	23,248,170	18,461,878	95,057,724	53,033,624	23,000	561,119,212	–	561,119,212
Inter-segment revenue	–	–	5,846,297	–	–	4,264,240	10,110,537	(10,110,537)	–
Total segment revenue	371,294,816	23,248,170	24,308,175	95,057,724	53,033,624	4,287,240	571,229,749	(10,110,537)	561,119,212
RESULT									
Segment results	50,801,995	3,005,003	4,547,171	917,370	26,807,567	323,718	86,402,824	–	86,402,824
Unallocated corporate income less expenses									208,923
Other gain									18,692
Profit before tax									86,630,439

For the six months ended 31 March 2016 (unaudited)

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
SEGMENT REVENUE									
External revenue	166,250,919	5,564,777	3,370,176	51,170,928	18,230,203	–	244,587,003	–	244,587,003
Inter-segment revenue	–	–	5,719,019	–	–	2,284,962	8,003,981	(8,003,981)	–
Total segment revenue	166,250,919	5,564,777	9,089,195	51,170,928	18,230,203	2,284,962	252,590,984	(8,003,981)	244,587,003
RESULT									
Segment results	26,113,059	874,060	2,469,038	421,708	6,137,185	260,994	36,276,044	–	36,276,044
Unallocated corporate income less expenses									119,246
Other gain									18,692
Profit before tax									36,413,982

For the six months ended 31 March 2017

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
SEGMENT REVENUE									
External revenue	267,722,873	26,678,303	26,009,984	33,399,772	27,121,327	–	380,932,259	–	380,932,259
Inter-segment revenue	–	–	6,809,423	–	–	5,983,920	12,793,343	(12,793,343)	–
Total segment revenue	267,722,873	26,678,303	32,819,407	33,399,772	27,121,327	5,983,920	393,725,602	(12,793,343)	380,932,259
RESULT									
Segment results	30,229,978	3,012,386	3,482,254	(170,845)	14,497,168	327,873	51,378,814	–	51,378,814
Unallocated corporate income less expenses									(4,918,592)
Profit before tax									46,460,222

External segment revenue includes revenue and income from a concession agreement as presented in the consolidated statements of profit or loss and other comprehensive income.

Segment results represents the profit of each segment without allocation of corporate income and expenses, other gain, and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

The total segment revenue can be reconciled to the revenue as presented in the consolidated financial statements of profit or loss and other comprehensive income as follows:

	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**1.10.2015 to 31.3.2016**	**1.10.2016 to 31.3.2017**
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Total segment revenue	–	571,229,749	252,590,984	393,725,602
Less: Inter-segment revenue	–	(10,110,537)	(8,003,981)	(12,793,343)
Less: Income from a concession agreement	–	(44,240,090)	(15,492,773)	(21,838,857)
Revenue as presented in consolidated statements of profit or loss and other comprehensive income	–	516,879,122	229,094,230	359,093,402

Segment assets and liabilities

As at 30 September 2015

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Segment assets	270,061,297	–	11,216,184	53,480,248	308,335,115	326,020	643,418,864	(44,040,641)	599,378,223
Unallocated corporate assets									100
Deferred tax assets									5,561,000
Total assets									604,939,323
Segment liabilities	202,976,395	–	5,500,752	42,636,684	309,218,732	487,275	560,819,838	(44,071,769)	516,748,069
Consideration payable in respect of acquisition of business									65,000,000
Tax liabilities									10,564,401
Deferred tax liabilities									7,776,363
Total liabilities									600,088,833

As at 30 September 2016

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Segment assets	283,070,713	17,223,878	18,650,947	63,746,559	327,423,574	1,468,019	711,583,690	(44,473,665)	667,110,025
Unallocated corporate assets									2,168,980
Tax recoverable									270,561
Total assets									669,549,566
Segment liabilities	175,479,382	10,379,831	7,947,623	52,497,436	300,970,883	1,274,426	548,549,581	(42,319,112)	506,230,469
Unallocated corporate liabilities									24,034,900
Consideration payable in respect of acquisition of business									41,000,000
Tax liabilities									20,562,986
Deferred tax liabilities									7,637,422
Total liabilities									599,465,777

As at 31 March 2017

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Segment assets	325,262,864	32,412,102	26,540,281	66,956,718	322,848,198	2,521,786	776,541,949	(49,468,811)	727,073,138
Unallocated corporate assets									2,090,698
Total assets									729,163,836
Segment liabilities	193,686,125	19,300,618	13,188,116	57,173,143	281,117,303	1,250,321	565,715,626	(41,549,848)	524,165,778
Unallocated corporate liabilities									54,349
Tax liabilities									27,839,832
Deferred tax liabilities									10,465,945
Total liabilities									562,525,904

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than unallocated corporate assets, deferred tax assets and tax recoverable; and
- all liabilities are allocated to reportable segments other than unallocated corporate liabilities, consideration payable, tax liabilities and deferred tax liabilities.

Other entity-wide segment information

For the year ended 30 September 2016

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results or segment assets:								
Additions of property, plant and equipment	11,285,854	688,636	86,870	1,428,425	920,967	–	–	14,410,752
Amortisation of intangible assets	4,636,433	274,251	407,944	2,358,310	475,339	–	–	8,152,277
Depreciation of property, plant and equipment	2,864,654	174,794	98,929	1,864,998	140,986	–	–	5,144,361
Gain on disposal of property, plant and equipment	17,617	1,075	–	–	–	–	–	18,692

For the six months ended 31 March 2016 (unaudited)

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results or segment assets:								
Additions of property, plant and equipment	6,881,228	230,329	37,412	1,417,145	309,347	–	–	8,875,461
Amortisation of intangible assets	1,217,007	40,736	181,259	1,728,173	237,669	–	–	3,404,844
Depreciation of property, plant and equipment	1,053,930	35,277	43,828	908,562	34,637	–	–	2,076,234
Gain on disposal of property, plant and equipment	17,617	1,075	–	–	–	–	–	18,692

For the six months ended 31 March 2017

	Building and structures	Energy transmission and distribution	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results or segment assets:								
Additions of property, plant and equipment . . .	9,136,955	910,488	32,330	76,480	–	–	–	10,156,253
Amortisation of intangible assets	3,285,699	327,416	451,757	685,205	237,669	–	–	4,987,746
Depreciation of property, plant and equipment . . .	2,322,074	231,392	41,866	942,439	96,130	–	–	3,633,901

Geographical information

The Group's revenue from external customers are all derived from Malaysia. All non-current assets of the Group are located in Malaysia.

Information about major customers

Revenue from customers during the Relevant Periods individually contributing over 10% of the total revenue of the Group during each of the reporting period is as follows:

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* (*Unaudited*)	*RM*
Customer A[1]	–	119,645,338	56,359,049	61,820,647
Customer B[1]	–	82,352,043	32,609,290	81,665,819
Customer C[1]	–	61,856,861	26,534,644	55,516,509

[1] *These customers are from the segment of building and structures.*

6. OTHER GAIN

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* (*Unaudited*)	*RM*
Gain on disposal of property, plant and equipment	–	18,692	18,692	–

7. FINANCE COSTS

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Interests on borrowings	–	22,876,800	11,398,406	9,047,037
Interests on obligations under finance leases	–	786,170	280,261	672,532
Loan commitment fees	–	205,316	93,353	98,466
	–	23,868,286	11,772,020	9,818,035

8. PROFIT BEFORE TAX

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Profit before tax is arrived at after charging (crediting):				
Auditors' remuneration	–	218,000	86,500	115,000
Amortisation of intangible assets	–	8,152,277	3,404,844	4,987,746
Depreciation of property, plant and equipment	–	5,144,361	2,076,234	3,633,901
Interest income from bank deposits	–	(200,594)	(24,053)	(254,306)
Imputed interest income from trade receivables	–	(44,240,090)	(15,492,773)	(21,838,857)
Listing expenses (included in administrative and other expenses)	–	2,187,474	–	3,030,971
Minimum lease payments paid under operating leases in respect of office premises	–	359,589	186,262	245,141
Minimum lease payments received under operating leases from leasing of properties less outgoings	–	(23,805)	(15,405)	–
Staff costs (Note)	–	19,547,050	8,154,817	13,510,328
Directors' emoluments (note 10)	–	465,160	224,210	254,950
Total staff costs	–	20,012,210	8,379,027	13,765,278

Note: Staff costs include salaries, bonuses and contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF for staff by the Group for the period from 2 July 2015 to 30 September 2015, for the year ended 30 September 2016, and for the six months ended 31 March 2016 and 2017 amounted to nil, RM2,209,667, RM832,579 (unaudited) and RM1,407,907 respectively.

9. INCOME TAX EXPENSE

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* (Unaudited)	*RM*
Malaysian Corporate Income Tax:				
Current period/year	–	16,227,580	7,231,979	10,427,026
Underprovision in prior period/year	–	–	–	1,650,530
	–	16,227,580	7,231,979	12,077,556
Deferred tax (note 16)	–	5,422,059	2,748,030	2,828,523
	–	21,649,639	9,980,009	14,906,079

Malaysian Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profit for the Relevant Periods.

The Finance Act, 2015 has amended the Income Tax Act, 1967 to reduce the Malaysian Corporate Income Tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates for the period when the asset is realised or the liability is settled.

Deferred tax is recognised based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Details of deferred taxation are set out in note 16.

The income tax expense for the Relevant Periods can be reconciled from the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* (Unaudited)	*RM*
Profit before tax	–	86,630,439	36,413,982	46,460,222
Tax rate	25%	24%	24%	24%
Tax at applicable tax rate	–	20,791,305	8,739,356	11,150,453
Tax effect of expenses not deductible for tax purpose	–	1,000,622	608,822	2,229,099
Tax effect of income not taxable for tax purpose	–	(2,233)	–	–
Underprovision in prior period/year	–	–	–	1,650,530
Others	–	(140,055)	631,831	(124,003)
	–	21,649,639	9,980,009	14,906,079

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

Details of the emoluments paid to directors and chief executive for the Relevant Periods are as follows:

For the period from 2 July 2015 to 30 September 2015

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note 1)*	*RM*	*RM*
Tan Sri Dato' Sri Goh Ming Choon	–	–	–	–	–
Datin Rohayati Binti Ariffin	–	–	–	–	–
Dato' Teh Kok Lee (Note 2)	–	–	–	–	–
IR. Azham Malik bin Mohd Hashim	–	–	–	–	–
	–	–	–	–	–

For the year ended 30 September 2016

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note 1)*	*RM*	*RM*
Tan Sri Dato' Sri Goh Ming Choon	–	–	–	–	–
Datin Rohayati Binti Ariffin	–	–	–	–	–
Dato' Teh Kok Lee (Note 2)	–	285,000	100,000	46,260	431,260
IR. Azham Malik bin Mohd Hashim	–	30,000	–	3,900	33,900
	–	315,000	100,000	50,160	465,160

For the six months ended 31 March 2016 (unaudited)

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note 1)*	*RM*	*RM*
Tan Sri Dato' Sri Goh Ming Choon	–	–	–	–	–
Datin Rohayati Binti Ariffin	–	–	–	–	–
Dato' Teh Kok Lee (Note 2)	–	135,000	50,000	22,260	207,260
IR. Azham Malik bin Mohd Hashim	–	15,000	–	1,950	16,950
	–	150,000	50,000	24,210	224,210

For the six months ended 31 March 2017

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note1)*	*RM*	*RM*
Tan Sri Dato' Sri Goh Ming Choon	–	–	–	–	–
Datin Rohayati Binti Ariffin	–	–	–	–	–
Dato' Teh Kok Lee (Note 2)	–	150,000	62,500	25,500	238,000
IR. Azham Malik bin Mohd Hashim	–	15,000	–	1,950	16,950
	–	165,000	62,500	27,450	254,950

Notes:

1. *Bonus are determined based on the results of the Group and/or performance of directors.*

2. *Dato' Teh Kok Lee is the chief executive officer of the Group, and his emoluments disclosed above include those for services rendered by him as the chief executive.*

Tan Sri Dato' Sri Goh Ming Choon, Datin Rohayati Bintai Ariffin, Dato' Teh Kok Lee and IR. Azham Malik bin Mohd Hashim are appointed as directors of the Company on 14 November 2016.

The directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Group and the Company.

Employees

The five highest paid employees of the Group during the year ended 30 September 2016, and the six months ended 31 March 2016 and 2017 included one existing director (all in the nil to HK$1,000,000 band), details of whose emoluments is set out above. Details of the emoluments of the remaining four highest paid employees who are neither an existing director nor chief executive of the Company for the year ended 30 September 2016, and the six months ended 31 March 2016 and 2017 are as follows:

	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**1.10.2015 to 31.3.2016**	**1.10.2016 to 31.3.2017**
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Basic salaries, allowances and benefits in kind	–	843,000	409,500	466,500
Bonus	–	230,000	108,750	194,250
Retirement benefit plan contributions	–	134,300	65,350	82,861
	–	1,207,300	583,600	743,611

The number of the highest paid employee who are neither an existing director nor chief executive of Company fell within the following bands is as follows:

	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**1.10.2015 to 31.3.2016**	**1.10.2016 to 31.3.2017**
	No. of employees	No. of employees	No. of employees *(Unaudited)*	No. of employees
Nil to HK$1,000,000	–	4	4	4

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Relevant Periods.

11. EARNINGS PER SHARE

The calculation of basic earnings per share of the period from 2 July 2015 (date of incorporation of BGMC Builder Sdn. Bhd.) to 30 September 2015, the year ended 30 September 2016, and the six months ended 31 March 2016 and 2017 are based on assumption that the Group Reorganisation and the capitalisation issue as explained in the section headed "History, Development and Reorganisation" and "Share Capital" respectively in the Prospectus had been effective on 2 July 2015.

The calculation of the basic earnings per share attributable to owners of the Company are based on the following data:

	2.7.2015 to 30.9.2015	1.10.2015 to 30.9.2016	1.10.2015 to 31.3.2016	1.10.2016 to 31.3.2017
	RM	*RM*	*RM* *(Unaudited)*	*RM*
Earnings				
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	–	62,919,122	25,094,689	32,598,460
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,350,000,000	1,350,000,000	1,350,000,000	1,350,000,000

There is no diluted earnings per share as there is no potential dilutive shares during the Relevant Periods.

12. DIVIDENDS

No dividend was paid or declared by the Company since its incorporation.

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Computers and software	Machinery and site equipment	Motor vehicles	Office equipment	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
COST						
At date of incorporation	–	–	–	–	–	–
Acquisition of subsidiaries (note 30)	11,711	312,930	16,953,525	4,461,595	173,819	21,913,580
At 30 September 2015	11,711	312,930	16,953,525	4,461,595	173,819	21,913,580
Additions	43,643	424,710	11,537,355	2,222,460	182,584	14,410,752
Disposals	–	–	–	(213,080)	–	(213,080)
At 30 September 2016	55,354	737,640	28,490,880	6,470,975	356,403	36,111,252
Additions	–	378,657	9,705,596	72,000	–	10,156,253
At 31 March 2017	55,354	1,116,297	38,196,476	6,542,975	356,403	46,267,505
DEPRECIATION						
At date of incorporation and at 30 September 2015	–	–	–	–	–	–
Charge for the year	8,746	150,969	3,188,232	1,718,516	77,898	5,144,361
Eliminated upon disposals	–	–	–	(191,772)	–	(191,772)
At 30 September 2016	8,746	150,969	3,188,232	1,526,744	77,898	4,952,589
Charge for the period	3,869	142,642	2,599,019	861,706	26,665	3,633,901
At 31 March 2017	12,615	293,611	5,787,251	2,388,450	104,563	8,586,490
CARRYING VALUES						
At 30 September 2015	11,711	312,930	16,953,525	4,461,595	173,819	21,913,580
At 30 September 2016	46,608	586,671	25,302,648	4,944,231	278,505	31,158,663
At 31 March 2017	42,739	822,686	32,409,225	4,154,525	251,840	37,681,015

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Furniture and fittings	10% - 20%
Computers and software	20% - 33%
Machineries and site equipment	10% - 20%
Motor vehicles	20%
Office equipment	20%

The carrying amount of property, plant and equipment of the Group held under finance leases as at 30 September 2015, 30 September 2016 and 31 March 2017 are approximately RM16,727,000, RM27,881,000 and RM32,851,000 respectively.

14. GOODWILL

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
At beginning of period/year	–	9,244,406	9,244,406
Arising from acquisition of subsidiaries (note 30)	9,244,406	–	–
At end of period/year	9,244,406	9,244,406	9,244,406

Goodwill arising from business combination has been allocated to the following cash-generating units ("CGUs"):

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
BGMC Corporation Sdn. Bhd. ("BGMC Corporation")	6,911,916	6,911,916	6,911,916
Built-Master Elevator Engineering Sdn. Bhd.	49,130	49,130	49,130
Built-Master Engineering Sdn. Bhd.	1,261,353	1,261,353	1,261,353
Headway Construction Sdn. Bhd.	1,022,007	1,022,007	1,022,007
	9,244,406	9,244,406	9,244,406

As at 30 September 2015, 30 September 2016 and 31 March 2017, management carried out its review of recoverable amounts of its goodwill. The review did not give rise to any impairment losses.

The recoverable amounts of the CGUs have been determined on the basis of value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period. The cash flows beyond the 3-year period are extrapolated using a steady growth rate. The key assumptions for the value-in-use calculations as of 30 September 2015, 30 September 2016 and 31 March 2017 are as follows:

	30.9.2015 & 30.9.2016 & 31.3.2017	
CGUs	Growth rate for cash flows beyond 3 years	Discount rates applied
BGMC Corporation	3%	15.4%
Built-Master Elevator Sdn. Bhd.	3%	15.4%
Built-Master Engineering Sdn. Bhd.	3%	15.4%
Headway Construction Sdn. Bhd.	3%	15.5%

a) Growth rate

The CGUs' cash flows beyond the 3-year period are extrapolated using a steady 3% growth rate. The growth are forecasted after considering factors like general market condition, industry-specific and other relevant information and does not exceed the average long-term growth rate for the relevant industry.

b) Discount rates

The discount rates used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and costs of sales, such estimation is based on the CGUs' past performance and pipeline of construction projects. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGUs to exceed the aggregate recoverable amount of CGUs.

15. INTANGIBLE ASSETS

	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**1.10.2016 to 31.3.2017**
	RM	*RM*	*RM*
At beginning of period/year	–	35,147,971	26,995,694
Arising from acquisition of subsidiaries (note 30)	35,147,971	–	–
Amortisation	–	(8,152,277)	(4,987,746)
At end of period/year	35,147,971	26,995,694	22,007,948

The Group's intangible assets, which arose from acquisition of subsidiaries, as at 30 September 2015, 30 September 2016 and 31 March 2017 have finite useful lives, consisting of the following:

(i) Rights on construction contract amounting to RM25,641,194, RM17,964,256 and RM13,214,180 respectively represents right on the unbilled portion of construction contracts secured that are billable for the completion of the construction work. The amortisation period ranges from 4 to 5 years as determined based on the progress to complete the construction work.

(ii) Rights on management service income amounting to RM9,506,777, RM9,031,438 and RM8,793,768 respectively represents right to receive management service income from a concession agreement for carrying out the property management services on a university. The amortisation period is 20 years.

16. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the Relevant Periods.

	Accelerated tax depreciation	Concession agreement	Intangible assets	Tax losses	Total
	RM	*RM*	*RM*	*RM*	*RM*
At beginning of period	–	–	–	–	–
Acquisition of subsidiaries (note 30)	1,636,478	–	6,153,885	(5,575,000)	2,215,363
At 30 September 2015	1,636,478	–	6,153,885	(5,575,000)	2,215,363
Charge (credit) to profit or loss	450,524	5,642,000	(1,842,465)	1,172,000	5,422,059
At 30 September 2016	2,087,002	5,642,000	4,311,420	(4,403,000)	7,637,422
Charge (credit) to profit or loss	382,539	2,507,000	(1,140,016)	1,079,000	2,828,523
At 31 March 2017	2,469,541	8,149,000	3,171,404	(3,324,000)	10,465,945

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
Deferred tax assets	(5,561,000)	–	–
Deferred tax liabilities	7,776,363	7,637,422	10,465,945
	2,215,363	7,637,422	10,465,945

As at 30 September 2015, 30 September 2016 and 31 March 2017, the Group has unutilised tax losses of approximately RM23,300,000, RM18,346,000 and RM13,850,000, respectively, available for offset against future profits. Deferred tax asset has been recognised in respect of such tax losses.

17. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

THE GROUP	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
Trade receivables:			
Third parties	39,281,129	327,520,556	327,082,171
Related parties	73,824,501	7,221,848	6,002,623
	113,105,630	334,742,404	333,084,794
Retention receivables:			
Third parties	18,911,260	20,276,588	34,790,775
Related parties	9,917,349	18,815,921	24,435,986
	28,828,609	39,092,509	59,226,761
Other receivables:			
Third parties	2,917,080	5,650,650	9,055,704
Related parties	11,141,469	2,224,807	37,742
	14,058,549	7,875,457	9,093,446
Refundable deposits	7,792,456	3,956,773	5,003,216
Prepaid expenses	1,007,214	3,033,166	7,452,177
Deferred listing expenses	–	722,056	1,700,862
Goods and services tax receivable	1,068,378	1,002,406	1,908,381
	165,860,836	390,424,771	417,469,637
Analysed for reporting purpose as:			
Current assets	165,860,836	104,700,898	133,896,474
Non-current assets	–	285,723,873	283,573,163
	165,860,836	390,424,771	417,469,637

Note: Included in trade receivables from third parties are receivables arising from concessing agreement amounted to nil, RM290,538,743 and RM287,709,166 as at 30 September 2015, 30 September 2016 and 31 March 2017 respectively.

Related parties refer to companies in which certain directors of the Company or siblings of certain directors are also directors and have control.

Amounts due from related parties included under trade receivables and retention receivables are unsecured and interest-free.

The credit period granted for the progress billings for the Group is 30 to 60 days. No interest is charged on trade receivables. Impairment losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The credit period on retention receivables is 24 months after completion of construction.

Details of trade receivable arising from the concession agreement with the Government of Malaysia and UiTM are set out in note 5(b).

Amounts due from related parties included under other receivables which arose mainly from expenses paid by the Group on behalf of related parties, are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade receivables (excluding receivables arising from the concession agreement) presented based on the invoice date at the end of each reporting period.

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
0 to 30 days	9,654,884	28,000,089	32,757,133
31 to 90 days	18,696,480	3,240,038	4,773,009
Over 90 days	84,754,266	12,963,534	7,845,486
	113,105,630	44,203,661	45,375,628

The Group has trade receivables as at 30 September 2015, 30 September 2016 and 31 March 2017 totaling RM103,450,746, RM16,203,572 and RM12,618,494 respectively, that are past due at the end of the reporting period but against which the Group has not recognised allowance for doubtful debts as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables that are past due but not impaired at the end of the reporting period:

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
Overdue:			
1 to 30 days	12,514,275	1,194,748	4,171,417
31 to 60 days	6,182,205	2,045,290	601,591
61 to 90 days	4,034,429	2,934,634	543,847
Over 90 days	80,719,837	10,028,900	7,301,639
	103,450,746	16,203,572	12,618,494

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	30.9.2015	30.9.2016	31.3.2017
	RM	*RM*	*RM*
Contract costs incurred to date	1,222,084,462	1,343,488,373	1,634,080,866
Recognised profits less recognised losses	59,330,933	179,781,018	237,985,040
	1,281,415,395	1,523,269,391	1,872,065,906
Less: progress billings received and receivable	(985,262,331)	(1,412,669,078)	(1,671,884,914)
	296,153,064	110,600,313	200,180,992
Analysed for reporting purposes as:			
Amounts due from customers for contract works			
– current assets	72,956,330	134,053,951	202,873,103
– non-current assets	289,694,463	–	–
	362,650,793	134,053,951	202,873,103
Amounts due to customers for contract works	(66,497,729)	(23,453,638)	(2,692,111)
	296,153,064	110,600,313	200,180,992

19. FIXED DEPOSITS/BANK BALANCES AND CASH

As at 30 September 2015, 30 September 2016 and 31 March 2017, fixed deposits carry interest at rates ranging from 3.1% to 3.3% per annum, 2.75% to 3.3% per annum and 2.95% to 4.6% per annum respectively, with maturity ranging from 30 days to 365 days for the Relevant Periods. Included in fixed deposits are pledged fixed deposits for borrowings of RM2,248,099, RM4,515,332 and RM6,980,473 as at 30 September 2015, 30 September 2016 and 31 March 2017 respectively and are restricted fixed deposits of nil, nil and RM10,300,000 as at 30 September 2015, 30 September 2016 and 31 March 2017 respectively.

Included in bank balances and cash are restricted bank balance of nil, RM1,117,232 and RM20,940 as at 30 September 2015, 30 September 2016 and 31 March 2017 respectively.

20. SHARE CAPITAL

The share capital as at 30 September 2015 and 30 September 2016 of the Group represent the share capital of BGMC Builder Sdn. Bhd. with details as follow:

	Number of shares		Share capital	
	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**2.7.2015 to 30.9.2015**	**1.10.2015 to 30.9.2016**
			RM	*RM*
Authorised:				
Ordinary shares at par value of RM1 each				
At beginning and end of the period/year	400,000	400,000	400,000	400,000
Issued and fully paid:				
Ordinary shares at par value of RM1 each				
At beginning of the period/year	2	100	2	100
Issued during the period/year	98	–	98	–
At end of the period/year	100	100	100	100

On 2 July 2015, 2 new ordinary shares of RM1 each in BGMC Builder Sdn. Bhd. have been issued as fully paid-up.

The issued and paid up share capital of BGMC Builder Sdn. Bhd. was increased from RM2 to RM100 by way of issuance of 98 new ordinary shares of RM1 each at par on 28 September 2015. The new ordinary share issued rank pari passu in all respect with the then existing ordinary share of the BGMC Builder Sdn. Bhd.

The share capital as at 31 March 2017 represents the share capital of the Group and the Company following the completion of the Group Reorganisation with details as follow:

	Number of shares	**Amount**	**Amount**
		HK$	*RM*
Ordinary shares of HK$0.01 each			
Authorised:			
At 18 November 2016 (date of incorporation) and 31 March 2017	30,000,000		
Issued and fully paid:			
At 18 November 2016 (date of incorporation)	100	1	1
Issue of shares(Note)	900	9	5
At 31 March 2017	1,000	10	6

Note: Pursuant to the Group Reorganisation as set out in the Prospectus, the Company issued shares as consideration for acquiring the 100% issued share capital of BGMC Builder Sdn. Bhd..

21. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	30.9.2015	**30.9.2016**	**31.3.2017**	**30.9.2015**	**30.9.2016**	**31.3.2017**
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
Obligations under finance leases payable:						
Within one year	5,706,642	5,548,199	9,290,407	5,259,699	4,816,019	8,247,978
Within a period of more than one year but not more than two years	2,516,155	5,010,343	8,090,342	2,253,593	4,433,002	7,388,747
Within a period of more than two years but not more than five years	3,444,286	7,265,681	7,457,144	3,240,470	6,801,472	7,083,596
Within a period of more than five years	209,503	243,737	77,424	198,776	215,389	74,878
	11,876,586	18,067,960	24,915,317	10,952,538	16,265,882	22,795,199
Less: future finance charges	(924,048)	(1,802,078)	(2,120,118)	N/A	N/A	N/A
Present value of lease obligations	10,952,538	16,265,882	22,795,199	10,952,538	16,265,882	22,795,199
Less: Amount due for settlement with twelve months (shown under current liabilities)				(5,259,699)	(4,816,019)	(8,252,759)
Amount due for settlement after twelve months				5,692,839	11,449,863	14,542,440

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. Interest rates underlying all obligations under finance leases as at 30 September 2015, 30 September 2016 and 31 March 2017 are fixed at respective contract dates ranging from 2.35% to 3.47% per annum, 2.35% to 3.47% per annum and 2.38% to 3.90% per annum respectively.

Obligations under finance leases were secured by property, plant and equipment under hire purchase and jointly and severally guaranteed by certain directors of the Company and/or the subsidiaries.

22. BORROWINGS

	Notes	30.9.2015	30.9.2016	31.3.2017
		RM	*RM*	*RM*
Current:				
Bank overdrafts	(a)	10,644,435	–	7,456,681
Term loan I	(b)	7,634	213,631	–
Term loan II	(c)	13,272,662	31,234,417	22,753,134
Invoice financing loan	(d)	–	421,950	–
Bridging loan	(e)	–	2,111,554	–
Total current		23,924,731	33,981,552	30,209,815
Non-current:				
Bridging loan	(e)	38,000,000	–	–
Term loan I	(b)	201,541	–	–
Term loan II	(c)	252,405,150	240,694,810	229,427,434
Total non-current		290,606,691	240,694,810	229,427,434
Total		314,531,422	274,676,362	259,637,249

Summary of borrowing arrangements are as followings:

(a) Bank overdraft was secured by facility agreements for a sum of RM6,500,000 as at 30 September 2015 and 30 September 2016, and a sum of RM25,500,000 as at 31 March 2017, memorandum of deposit over certain fixed deposits of the Group and a joint and several guarantee by a director and a third party.

(b) As at 30 September 2015 and 30 September 2016, Term loan I is secured by facility agreement for a sum of RM255,000, assignment of rights, title and interest over one unit of leasehold condominium of BGMC Corporation and a joint and several guarantees by all the directors. The said leasehold condominium was disposed off by BGMC Corporation before the Company acquired BGMC Corporation.

(c) Term loan II is secured by:

(i) master facility agreements;

(ii) debenture creating a floating charge over all present and floating charge over all present and future assets of a subsidiary;

(iii) assignment of all rights, title, interest and benefits of a subsidiary under certain clause of the concession agreement;

(iv) the sub-lease agreement ("Sub-lease agreement") to be entered into between a subsidiary as sub-lessor and UiTM as sub-leassee in respect of the project land;

(v) assignments of all the present and future rights, title, interest and benefits of a subsidiary under the construction contract of the project;

(vi) assignment over the designated accounts as stipulated in the loan agreement. The restricted bank balance as at 30 September 2015, 30 September 2016 and 31 March 2017 are nil, RM 1,117,232 and

RM20,940 respectively (note 19). The restricted fixed deposits as at 30 September 2015, 30 September 2016 and 31 March 2017 are nil, nil and RM10,300,000 respectively (note 19);

(vii) assignment of all the present and future rights, title, interest, and benefits of a subsidiary under all policies of Islamic taken out in respect of or rising from the project, (excluding workmen's compensation and public liability insurances);

(viii) a joint and several guarantee by all the directors of a subsidiary;

(ix) corporate guarantee by BGMC Corporation;

(x) irrecoverable letter of undertaking by a subsidiary to complete the project in accordance with the terms of the concession agreement and to provide cash injection in the event of cost overrun during construction period and cash flow shortfall during concession period;

(xi) irrecoverable letter of undertaking from a subsidiary ensuring that at least thirty percent (30%) of the construction and maintenance works is to be sub-contracted out to bumiputra contractors and at least sixty percent (60%) of the subsidiary's workforce is bumiputra employees; and

(xii) any other security or documents as may be required by Bank Pembangunan Malaysia Berhad ("BPMP") and/or as advised by BPMP's solicitors for a facility of this nature.

(d) Invoice financing loan is secured by facility agreement for a sum of RM10,000,000, a joint and several guarantees by certain directors and memorandum of legal charge over deposit and letter of set-off over fixed deposit of a subsidiary, by creating a sinking fund account and assignment of considerations received from the customers.

(e) As at 30 September 2015 and 30 September 2016, bridging loan is secured by a joint and several guarantees for a sum of RM38,000,000 by certain directors and assignment of considerations received from the customer to the escrow account maintained.

The remaining maturities of borrowings as at 30 September 2015, 30 September 2016 and 31 March 2017 are as follows:

	30.9.2015	**30.9.2016**	**31.3.2017**
	RM	*RM*	*RM*
On demand or within one year	23,924,731	33,981,552	30,209,815
More than one year and less than two years	22,783,670	22,760,768	22,753,134
More than two years and less than five years	76,740,686	45,539,170	91,012,536
More than five years	191,082,335	172,394,872	115,661,764
Total	314,531,422	274,676,362	259,637,249

The weighted average interest rates per annum for borrowings as at 30 September 2015, 30 September 2016 and 31 March 2017 are as follows:

	30.9.2015	30.9.2016	31.3.2017
Bank overdrafts	7.85%	N/A	7.81%
Invoice financing	N/A	8.10%	N/A
Term loan I	4.95%	4.95%	N/A
Term loan II	8.88%	8.88%	6.85%
Bridging loan	8.35%	8.35%	N/A

23. TRADE AND OTHER PAYABLES

	THE GROUP			THE COMPANY
	30.9.2015	30.9.2016	31.3.2017	31.3.2017
	RM	*RM*	*RM*	*RM*
Trade payables:				
Third parties	58,461,515	96,925,700	97,707,460	–
Related parties	508,664	8,338,937	12,468,161	–
	58,970,179	105,264,637	110,175,621	–
Retention payables:				
Third parties	7,560,784	18,103,492	18,330,968	–
Related parties	18,963	214,357	12,167,349	–
	7,579,747	18,317,849	30,498,317	–
Consideration payable (note 30)	65,000,000	41,000,000	–	–
Other payables:				
Third parties	9,689,772	13,025,595	10,742,204	–
Related parties	6,630,399	3,036,820	3,000,000	–
Subsidiaries	–	–	–	5,418,054
	16,320,171	16,062,415	13,742,204	5,418,054
Accrued expenses	18,485,873	38,059,956	68,522,820	–
	166,355,970	218,704,857	222,938,962	5,418,054

The consideration payable for the acquisition of BGMC Corporation is unsecured, interest-free and fully repaid on behalf by directors on 25 October 2016.

Related parties refer to companies in which certain directors of the Company or close family members of certain directors are also directors and have control.

Amounts due to related parties included under trade payables and retention payables are unsecured and interest-free.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchase ranges from 30 to 90 days.

The credit period on retention payables is 24 months after completion of construction.

Amounts due to related parties included under other payables which arose mainly from expenses paid by related parties on behalf of the Group, are unsecured, interest-free and repayable on demand.

Amounts due to subsidiaries included under other payables of the Company which arose mainly from expenses paid by subsidiaries on behalf of the Company, are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30.9.2015	**28.9.2016**	**31.3.2017**
	RM	*RM*	*RM*
0 to 30 days	26,047,862	47,486,229	31,926,221
31 to 90 days	15,610,148	30,798,463	47,732,970
Over 90 days	17,312,169	26,979,945	30,516,430
	58,970,179	105,264,637	110,175,621

24. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and repayable on demand.

On 26 January 2017, amounts due to directors of RM65,000,000 were settled through the issue of additional shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited and was capitalised in other reserve. The directors are also the controlling shareholders of the Company and BGMC Malaysia Limited.

25. INFORMATION ON THE COMPANY AND PARTICULARS OF SUBSIDIARIES

On 18 November 2016, the Company was incorporated and registered as an exempted company in the Cayman Islands with an authorised share capital consisting of 30,000,000 ordinary shares at par value of HK$0.01 per share. 1,000 ordinary shares of HK$0.01 each have been issued and fully paid.

The following is the movement in the Company's accumulated loss from the date of incorporation to 31 March 2017:

	RM
At 18 November 2016 (date of incorporation)	–
Loss and total comprehensive expense for the period	(3,215,534)
At 31 March 2017	(3,215,534)

At the end of each reporting periods, the Company has the following subsidiaries comprising the Group:

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid ordinary share capital				Attributable equity interest held by the Company				Principal activities
			At 30 September 2015	At 30 September 2016	At 31 March 2017	At date of this report	At 30 September 2015	At 30 September 2016	At 31 March 2017	At date of this report	
BGMC Malaysia Limited	British Virgin Islands	24 November 2016	N/A	N/A	HK$100	HK$100	N/A	N/A	100%	100%	Investment holding
BGMC Builder Sdn. Bhd. (Note 1)	Malalysia	2 July 2015	RM100	RM100	RM1,000	RM1,000	100%	100%	100%	100%	Investment holding
BGMC Corporation Sdn. Bhd. (Note 2)	Malaysia	25 March 1996	RM10 million	RM10 million	RM10 million	RM10 million	100%	100%	100%	100%	Building construction and investment holding
Built-Master Elevator Engineering Sdn. Bhd. (Note 4)	Malaysia	13 September 2012	RM2	RM2	RM0.75 million	RM0.75 million	80%	80%	80%	80%	Supply and installation of elevators
Built-Master Engineering Sdn. Bhd. (Note 3)	Malaysia	18 April 2012	RM0.1 million	RM0.75 million	RM0.75 million	RM0.75 million	80%	80%	80%	80%	Mechanical and electrical engineering and investment holding
Headway Construction Sdn. Bhd. (Note 3)	Malaysia	4 October 2011	RM0.5 million	RM0.75 million	RM0.75 million	RM0.75 million	51%	51%	51%	51%	Earthworks and infrastructure works
KAS Engineering Sdn. Bhd. (Note 3)	Malaysia	17 November 1993	RM5 million	RM5 million	RM5 million	RM5 million	100%	100%	100%	100%	Concession with the Government of Malaysia for the construction of a university building

The Company and its subsidiaries have adopted 30 September as their financial year end date.

Notes:

1. *BGMC Builder Sdn. Bhd. is indirectly held by the Company through BGMC Malaysia Limited.*

2. *BGMC Corporation Sdn. Bhd. is indirectly held by the Company through BGMC Builder Sdn. Bhd..*

3. *These companies are indirectly held by the Company through BGMC Corporation Sdn. Bhd..*

4. *Built-Master Elevator Engineering Sdn. Bhd. is indirectly held by the Company through Built-Master Engineering Sdn. Bhd..*

No audited statutory financial statements have been prepared for the Company and BGMC Malaysia Limited since their respective date of incorporation as they were incorporated in jurisdiction where there is no statutory audit requirement.

The statutory financial statements of BGMC Builder Sdn. Bhd. and its subsidiaries incorporated in Malaysia have been prepared in accordance with Malaysian Financial Reporting Standards and IFRSs and were audited by chartered accountants registered in Malaysia as below:

Name of entities comprising the Group	**Periods covered**	**Chartered Accountants**
BGMC Builder Sdn. Bhd.	For the period from 2 July 2015 (date of incorporation) to 30 September 2016	Deloitte
BGMC Corporation Sdn. Bhd.	For each of the two years ended 30 September 2016	Deloitte
Built-Master Elevator Engineering Sdn. Bhd.	For each of the two years ended 30 September 2016	Deloitte
Built-Master Engineering Sdn. Bhd.	For the period from 1 July 2014 to 30 September 2015 and the year ended 30 September 2016	Deloitte
Headway Construction Sdn. Bhd.	For the period from 1 July 2014 to 30 September 2015 and the year ended 30 September 2016	Deloitte
KAS Engineering Sdn. Bhd.	For the period from 1 January 2015 to 30 September 2015 and the year ended 30 September 2016	Deloitte

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists of net debt which includes borrowings disclosed in note 22, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and retained earnings.

The directors review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

27. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

	THE GROUP			THE COMPANY
	30.9.2015	**30.9.2016**	**31.3.2017**	**31.3.2017**
	RM	*RM*	*RM*	*RM*
Financial assets				
Loan and receivables (including cash and cash equivalents)	168,345,981	463,068,663	443,314,360	501,218
Financial liabilities				
Amortised cost	504,297,802	531,545,849	498,732,817	5,418,054

(ii) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, fixed deposits, bank balances and cash, trade and other payables, amounts due to directors and borrowings. The Company's major financial instruments include bank balances and cash, and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk as certain of its bank balances and borrowings are subject to floating interest rates. Management will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits and borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for borrowings at the end of the reporting period and assumed the amounts outstanding at the end of the reporting period were outstanding for the whole year and held constant throughout the Relevant Periods. If interest rates on interest bearing borrowings had been 50 basis points higher/lower and all other variables were held constant, the profit for the period from 2 July 2015 to 30 September 2015, the year ended 30 September 2016 and the six months ended 31 March 2017 would decrease/increase by approximately RM295,000, RM1,044,000 and RM987,000 respectively.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position.

The Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management extends credit to its customers based on careful evaluation of the customers' financial condition and credit history. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group and the Company is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 30 September 2016 and 31 March 2017, the Group has concentration of credit risk as 74% and 69% respectively of the total trade and other receivables was due from one customer within the concession and maintenance segment. Other than this, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity

The Group's total assets less current liabilities as at 30 September 2015, 30 September 2016 and 31 March 2017 are RM308,926,383, RM329,865,884 and RM421,073,751 respectively; and the Group's net current liabilities as at 30 September 2015 and 30 September 2016 are RM52,635,037 and RM23,256,752 respectively; and the Group's net current assets as at 31 March 2017 is RM68,567,219.

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 30 September 2015, 30 September 2016 and 31 March 2017, the Group has available unutilised bank borrowing facilities of approximately RM28,211,000, RM41,463,000 and RM42,107,422 respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market interest rate at the end of each reporting period.

	Weighted average effective interest rate	On demand or within 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RM	RM	RM	RM	RM
30.9.2015						
Trade and other payables	–	166,355,970	–	–	166,355,970	166,355,970
Amounts due to directors	–	23,410,410	–	–	23,410,410	23,410,410
Obligations under finance leases	3.40	5,706,642	5,960,441	209,503	11,876,586	10,952,538
Borrowings	8.88	10,662,423	231,876,966	225,985,225	468,524,614	314,531,422
Total		206,135,445	237,837,407	226,194,728	670,167,580	515,250,340

	Weighted average effective interest rate	On demand or within 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RM	RM	RM	RM	RM
30.9.2016						
Trade and other payables	–	218,704,857	–	–	218,704,857	218,704,857
Amounts due to directors	–	38,164,630	–	–	38,164,630	38,164,630
Obligations under finance leases	2.91	5,548,199	12,276,024	243,737	18,067,960	16,265,882
Borrowings	8.87	45,445,172	153,479,720	223,703,960	422,628,852	274,676,362
Total		307,862,858	165,999,481	223,703,960	697,566,299	547,811,731

	Weighted average effective interest rate	On demand or within 1 year	1 to 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount
	%	RM	RM	RM	RM	RM
31.3.2017						
Trade and other payables	–	214,046,069	8,892,893	–	222,938,962	222,938,962
Amounts due to directors	–	16,156,606	–	–	16,156,606	16,156,606
Obligations under finance leases	3.19	9,290,407	15,547,486	77,424	24,915,317	22,795,199
Borrowings	6.88	46,774,278	173,210,701	136,153,604	356,138,583	259,637,249
Total		286,267,360	197,651,080	136,231,028	620,149,468	521,528,016

The remaining contractual maturity of the Company's financial liabilities is on demand.

(iii) Fair value measurements of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the Historical Financial Information approximate their fair values.

The fair values of the above financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

28. RELATED PARTY TRANSACTIONS

In addition to the balances of the Group with related parties disclosed above, the Group has the following transactions with related parties during the Relevant Periods:

	2.7.2015 to 30.9.2015	**1.10.2015 to 30.9.2016**	**1.10.2015 to 31.3.2016**	**1.10.2016 to 31.3.2017**
	RM	*RM*	*RM* (*Unaudited*)	*RM*
Construction revenue from related parties (Note)	–	203,677,349	96,628,987	170,342,767
Construction cost paid to related parties (Note)	–	19,526,993	14,422,383	7,362,099
Rental of office premises to a related party (Note)	–	265,608	143,497	219,505
Other expense paid to related parties (Note)	–	295,782	195,978	160,400

Note: Related party refers to a company in which certain directors of the Company or siblings of certain directors are also directors and have control.

The remuneration of the directors and key management including chief executive of the Company is disclosed in note 10.

29. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	30.9.2015	**30.9.2016**	**31.3.2017**
	RM	*RM*	*RM*
Within one year	105,290	414,414	397,325
In the second to fifth year inclusive	234,271	750,292	538,794
	339,561	1,164,706	936,119

Operating lease payments represent rentals payable by the Group for certain of its offices premises. Leases are negotiated for terms ranging from two to four years and rentals are fixed over the term of the relevant leases.

30. ACQUISITION OF SUBSIDIARIES

Pursuant to various agreements, BGMC Builder Sdn. Bhd. acquired 100% of the issued share capital of BGMC Corporation for a total consideration RM65,000,000. On 28 September 2015, BGMC Builder Sdn. Bhd. obtains the control over BGMC Corporation. Consideration amounting to RM24,000,000 was paid on behalf by directors of BGMC Builder Sdn. Bhd. during the year ended 30 September 2016 and the remaining of RM41,000,000 was further paid on behalf by directors during the six months ended 31 March 2017. The acquisition has been accounted for using the acquisition method. BGMC Corporation and its subsidiaries (collectively the "BGMC Group") are engaged in the provision of a wide range of construction services. Assets and liabilities acquired, which approximate to their fair values, recognised at the date of acquisition are as follows:

	RM
Assets	
Property, plant and equipment	21,913,580
Intangible assets	35,147,971
Deferred tax assets	5,561,000
Amounts due from customers for contract works	362,650,793
Trade and other receivables, deposits and prepayments	165,860,736
Fixed deposits	2,248,099
Bank balances and cash	2,312,638
Liabilities	
Amounts due to customers for contract works	(66,497,729)
Trade and other payables	(101,355,970)
Amounts due to directors	(23,410,410)
Obligations under finance leases	(10,952,538)
Borrowings	(314,531,422)
Tax liabilities	(10,564,401)
Deferred tax liabilities	(7,776,363)
Fair value of identifiable net assets acquired	60,605,984

The trade and other receivables acquired with a fair value of RM155,992,688 represents the gross contractual amounts at the date of acquisition. The best estimate at acquisition date of contractual cash flows not expected to be collected is nil.

The effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalents acquired and net cash inflows on acquisition	2,312,638

Acquisition-related costs relating the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

Goodwill was recognised as a result of the acquisition as follows:

	RM
Total consideration transferred	65,000,000
Add: Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities in the BGMC Group	4,850,390
Less: Fair value of identifiable net assets	(60,605,984)
Goodwill arising on consolidation	9,244,406

If the acquisition had occurred on 2 July 2015, the Group's results for the period from 2 July 2015 to 30 September 2015 would have been as follows:

	RM
Revenue for the period	128,132,310
Profit for the period	6,953,018

31. NON-CASH TRANSACTIONS

During the year ended 30 September 2016 and the six months ended 31 March 2017, consideration payable for the acquisition of BGMC Corporation was paid on behalf by the directors for amounts of RM24,000,000 and RM41,000,000 respectively.

On 26 January 2017, amounts due to directors of RM65,000,000 were settled through the issue of additional shares by BGMC Builder Sdn. Bhd. to BGMC Malaysia Limited and was capitalised in other reserve.

32. DIRECTORS' REMUNERATION

Under the arrangement presently in force, the aggregate amount of directors' remunerations (excluding discretionary bonus, if any) for the year ending 30 September 2017 is estimated to be approximately RM1,429,000.

33. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the written resolutions passed by the shareholders of the Company on 20 July 2017, conditional upon the Company's share premium account being credited as a result of the issue of the Offer Shares (defined in the Prospectus), the directors of the Company were authorised to capitalise an amount of approximately HK$13,499,990 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full of 1,349,999,000 shares for allotment and issue to the shareholders as of 20 July 2017.

Save as aforesaid, no other material significant events took place subsequent to 31 March 2017.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for any of the companies comprising the Group subsequent to 31 March 2017.

The following is the text of a report set out on pages IB-1 to IB-66, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON BGMC CORPORATION HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BGMC INTERNATIONAL LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

Introduction

We report on the historical financial information of BGMC Corporation Sdn. Bhd. (the "BGMC Corporation") (previously known as B&G Corporation Sdn. Bhd.) and its subsidiaries (together, the "BGMC Group") set out on pages IB-3 to IB-66, which comprises the consolidated statements of financial position as at 30 September 2014 and 28 September 2015, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year ended 30 September 2014, and the period from 1 October 2014 to 28 September 2015 (the date prior to change in controlling shareholders) (the "Predecessor Track Record Period") and a summary of significant accounting policies and other explanatory information as set out in section A of this report, and the pre-acquisition financial information of KAS Engineering Sdn. Bhd., which comprises the statements of financial position as at 30 September 2014 and 28 September 2015, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the Predecessor Track Record Period as set out in section B of this report (together, the "BGMC Corporation Historical Financial Information"). The BGMC Corporation Historical Financial Information set out on pages IB-3 to IB-66 forms an integral part of this report, which has been prepared for inclusion in the prospectus of BGMC International Limited (the "Company") dated 31 July 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the BGMC Corporation Historical Financial Information

The directors of BGMC Corporation are responsible for the preparation of BGMC Corporation Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the BGMC Corporation Historical Financial Information, and for such internal control as the directors of BGMC Corporation determine is necessary to enable the preparation of BGMC Corporation Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the BGMC Corporation Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the BGMC Corporation Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the BGMC Corporation Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the BGMC Corporation Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of BGMC Corporation Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the BGMC Corporation Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of BGMC Corporation, as well as evaluating the overall presentation of the BGMC Corporation Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the BGMC Corporation Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial positions of the BGMC Group and KAS Engineering Sdn. Bhd. as at 30 September 2014 and 28 September 2015, and of their financial performance and cash flows for the Predecessor Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the BGMC Corporation Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the BGMC Corporation Historical Financial Information, no adjustments to the BGMC Corporation Underlying Financial Statements as defined on page IB-3 have been made.

Dividends

No dividends have been paid by the Company in respect of the Predecessor Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
31 July 2017

Preparation of BGMC Corporation Historical Financial Information

Set out below is the BGMC Corporation Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the BGMC Group for the Predecessor Track Record Period, on which the BGMC Corporation Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("BGMC Corporation Underlying Financial Statements").

The BGMC Corporation Historical Financial Information is presented in Malaysia Ringgit ("RM").

A. HISTORICAL FINANCIAL INFORMATION OF BGMC CORPORATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**1.10.2013 to 30.9.2014**	**1.10.2014 to 28.9.2015**
		RM	*RM*
Revenue	*5*	240,178,627	425,592,506
Cost of sales		(223,132,637)	(390,465,197)
Gross profit		17,045,990	35,127,309
Other income		126,053	213,074
Administrative expenses		(6,054,994)	(10,535,510)
Other gains	*6*	200,000	4,995,697
Finance costs	*7*	(1,200,557)	(3,464,542)
Share of results of:			
Associates		35,898	113,627
A joint venture		–	184,441
Profit before tax	*8*	10,152,390	26,634,096
Income tax expense	*9*	(2,966,057)	(5,720,013)
Profit and total comprehensive income for the year/period		7,186,333	20,914,083
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:			
Owners of BGMC Corporation		7,186,333	20,967,277
Non-controlling interests		–	(53,194)
		7,186,333	20,914,083

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	**30.9.2014**	**28.9.2015**
		RM	*RM*
ASSETS			
Non-current Assets			
Investment properties	*12*	255,000	–
Property, plant and equipment	*13*	4,964,635	21,913,580
Properties for development	*14*	4,132,630	–
Interests in associates	*15*	1,631,342	–
Interest in a joint venture	*16*	250,000	–
Goodwill	*17*	–	2,332,490
Intangible assets	*18*	–	17,146,453
Deferred tax assets	*19*	–	5,561,000
Amounts due from customers for contract works	*20*	–	289,694,463
		11,233,607	336,647,986
Current Assets			
Amounts due from customers for contract works	*20*	30,595,223	72,956,330
Trade and other receivables, deposits and prepayments	*21*	115,601,695	165,860,736
Amounts due from associates	*22*	1,999	–
Fixed deposits	*23*	2,632,616	2,248,099
Bank balances and cash		19,192,157	2,312,638
		168,023,690	243,377,803
TOTAL ASSETS		**179,257,297**	**580,025,789**

	NOTES	30.9.2014	28.9.2015
		RM	RM
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	24	10,000,000	10,000,000
Retained earnings		13,439,652	34,406,929
Equity attributable to owners of BGMC Corporation		23,439,652	44,406,929
Non-controlling interests		–	4,850,390
		23,439,652	49,257,319
Non-current Liabilities			
Obligations under finance leases	25	1,662,149	5,692,839
Borrowings	26	19,834,040	290,606,691
Deferred tax liabilities	19	490,000	3,456,000
		21,986,189	299,755,530
Current Liabilities			
Amounts due to customers for contract works	20	73,962,789	66,497,729
Trade and other payables	27	45,571,976	101,355,970
Amounts due to directors	28	7,091,901	23,410,410
Obligations under finance leases	25	1,263,372	5,259,699
Borrowings	26	1,178,780	23,924,731
Tax liabilities		4,762,638	10,564,401
		133,831,456	231,012,940
TOTAL LIABILITIES		155,817,645	530,768,470
TOTAL EQUITY AND LIABILITIES		**179,257,297**	**580,025,789**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of BGMC Corporation				
	Share capital	Retained earnings	Total	Non-controlling interests	Total
	RM	*RM*	*RM*	*RM*	*RM*
At 1 October 2013	5,000,000	6,253,319	11,253,319	–	11,253,319
Profit and total comprehensive income for the year	–	7,186,333	7,186,333	–	7,186,333
Issue of shares (note 24)	5,000,000	–	5,000,000	–	5,000,000
At 30 September 2014	10,000,000	13,439,652	23,439,652	–	23,439,652
Profit (loss) and total comprehensive income (expense) for the period	–	20,967,277	20,967,277	(53,194)	20,914,083
Non-controlling interests arising from acquisition of subsidiaries (note 33(a) & (c))	–	–	–	4,883,603	4,883,603
Contribution from non-controlling interests	–	–	–	19,981	19,981
At 28 September 2015	10,000,000	34,406,929	44,406,929	4,850,390	49,257,319

CONSOLIDATED STATEMENTS OF CASH FLOWS

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
OPERATING ACTIVITIES		
Profit before tax	10,152,390	26,634,096
Adjustments for:		
Depreciation of property, plant and equipment	850,499	1,475,870
Finance costs	1,200,557	3,464,542
Gain on deemed disposal of a joint venture	–	(3,680,176)
Gain on disposal of investment properties	(200,000)	(945,000)
Gain on disposal of property, plant and equipment	–	(18,798)
Gain on disposal of subsidiaries	–	(311,546)
Interest income from bank deposits	(51,293)	(145,071)
Share of result of associates	(35,898)	(113,627)
Share of result of a joint venture	–	(184,441)
Operating cash flows before movements in working capital	11,916,255	26,175,849
Increase in amounts due from customers for contract works	(25,130,563)	(9,790,602)
Increase in trade and other receivables, deposits and prepayments	(65,904,743)	(27,286,289)
(Increase) decrease in amounts due from associates	(1,999)	1,999
Increase (decrease) in trade and other payables	17,817,069	(23,598,240)
Increase (decrease) in amounts due to customers for contract works	68,703,259	(12,971,852)
Cash used in operations	7,399,278	(47,469,135)
Tax paid	(309,631)	(263,479)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	7,089,647	(47,732,614)

	NOTES	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
		RM	RM
INVESTING ACTIVITIES			
Interest received		51,293	145,071
Purchase of investment properties		–	(577,984)
Proceeds from disposal of investment properties		1,200,000	1,200,000
Purchase of property, plant and equipment		(607,583)	(3,778,163)
Proceeds from disposal of property, plant and equipment		–	94,000
Purchase of properties for development		(4,132,630)	(13,257)
Investment in an associate		(1)	–
Proceeds from disposal of associates		–	4
Investment in a joint venture		(250,000)	–
Proceeds from disposal of available-for-sales investments		600,000	–
Advances to related parties		(11,409,053)	(26,156,937)
Repayments from related parties		3,550,269	22,936,520
Placement of fixed deposits		(663,184)	(27,020,867)
Withdrawal of fixed deposits		287,149	27,405,384
Net cash outflow on acquisition of subsidiaries	*33(a), (b) & (c)*	–	(2,340,240)
Net proceeds from disposal of subsidiaries	*34*	–	628,450
NET CASH USED IN INVESTING ACTIVITIES		(11,373,740)	(7,478,019)
FINANCING ACTIVITIES			
Interest paid		(1,200,557)	(3,464,542)
New borrowings raised		19,614,662	18,385,337
Repayments of borrowings		(3,994,106)	(17,987)
Repayments of obligations under finance leases		(1,133,739)	(1,218,231)
Bank overdrafts		372,021	9,473,440
Advances from related parties		11,628,262	–
Repayments to related parties		(12,214,066)	(572)
Advances from directors		6,750,852	45,305,096
Repayments to directors		(8,955,222)	(30,151,408)
Proceeds from issue of shares		5,000,000	–
Contribution from non-controlling interests		–	19,981
NET CASH FROM FINANCING ACTIVITIES		15,868,107	38,331,114
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		11,584,014	(16,879,519)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD		7,608,143	19,192,157
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, REPRESENTING BANK BALANCES AND CASH		19,192,157	2,312,638

NOTES TO BGMC CORPORATION HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION AND PRESENTATION

BGMC Corporation was incorporated as an private company with limited liability in Malaysia on 25 March 1996. BGMC Corporation is principally engaged in building construction and investment holding.

The BGMC Group is principally engaged in the provision of a wide range of construction services.

The BGMC Corporation Historical Financial Information incorporate the financial statements of BGMC Corporation and its subsidiaries made up for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 to present the results and financial position of the BGMC Group prior to the change in controlling shareholders of the Company.

The BGMC Corporation Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with IFRSs issued by the IASB.

The BGMC Corporation Historical Financial Information is presented in RM, which is also the functional currency of BGMC Corporation and its subsidiaries.

2. APPLICATION OF NEW AND REVISED IFRSs

For the purpose of preparing and presenting the BGMC Corporation Historical Financial Information for the Predecessor Track Record Period, the BGMC Group has consistently adopted all the new and revised IFRSs which are effective for annual accounting periods beginning on 1 October 2015 throughout the Predecessor Track Record Period.

At the date of this report, the IASB has issued the following new and amendments to IFRSs that are not yet effective for annual accounting periods beginning on 1 October 2015. The BGMC Group has not early applied these new and amendments to IFRSs.

Amendments to IFRSs	Annual Improvements to IFRS Standards 2012-2014 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[3]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[3]
IFRS 9	Financial Instruments[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
IFRS 15	Revenue from Contracts with Customers and the relevant Amendments[3]
IFRS 16	Leases[4]
IFRS 17	Insurance Contracts[7]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IAS 7	Disclosure Initiative[6]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[6]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[1]
Amendments to IAS 40	Transfers of Investment Property[3]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[3]
IFRIC 23	Uncertainty over Income Tax Treatments[4]

[1] *Effective for annual periods beginning on or after 1 January 2016.*

[2] *Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.*

[3] *Effective for annual periods beginning on or after 1 January 2018.*

[4] *Effective for annual periods beginning on or after 1 January 2019.*

[5] *Effective for annual periods beginning on or after a date to be determined.*

[6] *Effective for annual periods beginning on or after 1 January 2017.*

[7] *Effective for annual periods beginning on or after 1 January 2021.*

Except as described below, the directors of BGMC anticipate that the application of the other new and amendments to IFRSs will not have material impact on the BGMC Group's financial performance and positions and/or the disclosures to the future consolidated financial statements of the BGMC Group.

IFRS 9 *Financial Instruments*

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the BGMC Group's financial assets measured at amortised costs, the directors of BGMC Corporation anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the BGMC Group's financial assets and financial liabilities based on an analysis of the BGMC Group's financial instruments as at 28 September 2015.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licencing application guidance.

Under IFRS 15, revenue is recognised over time or at a point in time while under IAS 11 contract revenue is recognised by reference to the stage of completion. The directors of BGMC Corporation expect that revenue will continue to be recognised as the contract process, broadly similar to the method under IAS 11.

However, revenue recognition will be significantly delayed if it cannot be established that performance obligations are satisfied over time. In addition, contract modifications will be required to be approved before revenue is recognised. The new requirement may result in revenue from contract modification to be recognised later than it would have been under IAS 11.

The directors of BGMC Corporation anticipate that the application of IFRS 15 in the future may affect the timing of recognition of amounts reported and the disclosures made in the BGMC Corporation Historical Financial Information.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the BGMC Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

Under IAS 17, the BGMC Group has already recognised an asset and a related finance lease liability for finance lease arrangement. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the BGMC Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Furthermore, extensive disclosures are required by IFRS 16.

As at 28 September 2015, the BGMC Group has operating lease commitments of RM339,561 as disclosed in note 32. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of BGMC Corporation complete a detailed review.

Amendments to IAS 7 *Disclosure Initiative*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the BGMC Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The BGMC Corporation Historical Financial Information have been prepared in accordance with IFRSs issued by the IASB. In addition, the BGMC Corporation Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The BGMC Corporation Historical Financial Information have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the BGMC Group takes into account the characteristics of the asset or liability if the market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these BGMC Corporation Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IFRS 2 *Share-based Payment* or value in use in IAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The BGMC Corporation Historical Financial Information incorporate the financial statements of BGMC Corporation and its subsidiaries. Control is achieved when BGMC Corporation:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

BGMC Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when BGMC Corporation obtains control over the subsidiary and ceases when BGMC Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Predecessor Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date BGMC Corporation gains control until the date when BGMC Corporation ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of BGMC Corporation and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of BGMC Corporation and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the BGMC Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the BGMC Group are eliminated in full on consolidation.

Changes in the BGMC Group's ownership interest in existing subsidiary

Changes in the BGMC Group's ownership interest in subsidiary that do not result in the BGMC Group losing control are accounted for as equity transactions. The carrying amounts of the BGMC Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of BGMC Corporation.

When the BGMC Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the BGMC Group had directly disposed of the relevant assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the BGMC Group, liabilities incurred by the BGMC Group to the former owners of the acquiree and equity instruments issued by the BGMC Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (revised) are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the BGMC Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another IFRS.

Where the consideration transferred by the BGMC Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the BGMC Group's previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date when the BGMC Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the BGMC Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see the accounting policy above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Investment properties/properties for development

Investment properties are properties held to earn rentals and/or for capital appreciation. Properties for development in which their future use have not been determined are regarded as held for capital appreciation.

Investment properties and properties for development are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties and properties for development are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of investment properties and properties for development over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property or property for development is derecognised upon disposal or when the investment property or property for development is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investments in associates and a joint venture

An associate is an entity over which the BGMC Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision of the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and a joint venture are incorporate in the financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which it is accounted in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate and a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the BGMC Group's share of a profit or loss and other comprehensive income of the associate or joint venture. When the BGMC Group's share of losses of an associate and a joint venture exceeds the BGMC Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the BGMC Group's net investment in the associate or joint venture), the BGMC Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the BGMC Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of investment over the BGMC Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the BGMC Group's share of the net fair value of the identifiable assets and liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the BGMC Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The BGMC Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the BGMC Group retains an interest in the former associate or joint venture and the retained interest is financial asset, the BGMC Group measures the retained interest at fair value at that date and the fair value is recognised as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the BGMC Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets and liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets and liabilities, the BGMC Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The BGMC Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the BGMC Group reduces its ownership interest in an associate or a joint venture but the BGMC Group continues to use equity method, the BGMC Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets and liabilities.

When a group entity transacts with an associate or a joint venture of the BGMC Group, profits and losses resulting from the transactions with the associate or the joint venture are recognised in the BGMC Corporation Historical Financial Information only to the extent of the BGMC Group's interest in the associate or the joint venture that are not related to the BGMC Group.

Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the BGMC Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of the profit or loss on disposal.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the BGMC Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the BGMC Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or a cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or a cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The BGMC Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from associates, fixed deposits, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the BGMC Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the BGMC Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The BGMC Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the BGMC Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the BGMC Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the BGMC Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the BGMC Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The BGMC Group derecognises financial liabilities when, and only when, the BGMC Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The BGMC Group's policy for recognition of revenue from construction contracts is described in the accounting policy on construction contracts below.

Project management income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the BGMC Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The BGMC Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statements of financial position under "trade and other payables". Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under "trade and other receivables, deposits and prepayments".

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The BGMC Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The BGMC Group as lessee

Assets held under finance leases are recognised as assets of the BGMC Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the BGMC Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plan, state-managed retirement benefit schemes and the Employees Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Predecessor Track Record Period. Taxable profit differs from 'profit before tax' as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The BGMC Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the BGMC Corporation Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the BGMC Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the BGMC Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the BGMC Group's accounting policies, which are described in note 3, the directors of BGMC Corporation are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts

The BGMC Group recognises contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit recognised.

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The BGMC Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the consolidated statements of profit or loss and other comprehensive income, income tax and deferred tax provisions in the period in which such determination is made. As at 30 September 2014 and 28 September 2015, the BGMC Group has tax liabilities of RM4,762,638 and RM10,564,401 respectively, deferred tax assets of nil and RM5,561,000 respectively, and deferred tax liabilities of RM490,000 and RM3,456,000 respectively.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the BGMC Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 28 September 2015, the carrying amount of goodwill is RM2,332,490. Details of the recoverable amount calculation are disclosed in note 17.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

An analysis of the BGMC Group's revenue for the Predecessor Track Record Period is as follows:

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
Construction contracts revenue	240,043,561	425,367,264
Project management income	135,066	225,242
	240,178,627	425,592,506

(b) Segment information

Information reported to the Executive Directors of BGMC Corporation, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. This is the basis which the BGMC Group is organised.

Specifically, the BGMC Group's operating and reportable segments under IFRS 8 *Operating Segments* are as follows:

a. Building and structures – provision of construction services in building and structural construction works;

b. Mechanical and electrical – provision of construction services in mechanical and electrical installation works;
c. Earthworks and infrastructure – provision of construction services in earthworks and infrastructure construction works; and
d. Concession and maintenance – provision of construction and related financing services as main contractor under private finance initiative and provision of certain post-construction property management services and maintenance services in respect of the related facilities and infrastructure.

In addition to the above reportable segments, the BGMC Group has certain operating segments (including supply and installation of elevators, and properties investment, property development and project management) that do not meet any of the quantitative thresholds for determining reportable segments. These operating segments are grouped under "Others" segment.

Segment revenue and results

The following is an analysis of the BGMC Group's revenue and results by operating and reportable segments:

For the year ended 30 September 2014

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
		(Note 1)	*(Note 2)*	*(Note 2)*				
REVENUE								
External and total segment revenue	240,043,561	–	–	–	135,066	240,178,627	–	240,178,627
RESULT								
Segment results	10,186,952	–	–	–	(270,460)	9,916,492	–	9,916,492
Other gain								200,000
Share of results of associates								35,898
Profit before tax								10,152,390

For the period from 1 October 2014 to 28 September 2015

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
REVENUE			*(Note 2)*	*(Note 2)*				
External revenue	424,328,781	1,038,483	–	–	225,242	425,592,506	–	425,592,506
Inter-segment revenue	–	1,550,449	–	–	182,400	1,732,849	(1,732,849)	–
Total segment revenue	424,328,781	2,588,932	–	–	407,642	427,325,355	(1,732,849)	425,592,506
RESULT								
Segment results	21,337,089	35,087	–	–	(31,845)	21,340,331	–	21,340,331
Other gains								4,995,697
Share of results of:								
– associates								113,627
– a joint venture								184,441
Profit before tax								26,634,096

Segment results represents the profit (loss) of each segment without allocation of other gains, share of results of associates and a joint venture, and income tax expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Notes:

1. *This segment has commenced its operation during the period from 1 October 2014 to 28 September 2015*

2. *These segments have yet to commence their operations up to 28 September 2016*

Segment assets and liabilities

As at 30 September 2014

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Segment assets	175,495,933	–	–	–	5,021,114	180,517,047	(3,141,092)	177,375,955
Interests in associates								1,631,342
Interest in a joint venture								250,000
Total assets								179,257,297
Segment liabilities	150,277,406	–	–	–	4,551,129	154,828,535	(4,263,528)	150,565,007
Tax liabilities								4,762,638
Deferred tax liabilities								490,000
Total liabilities								155,817,645

As at 28 September 2015

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Sub-total	Elimination	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Segment assets	245,147,863	11,216,184	53,480,248	308,335,115	326,020	618,505,430	(44,040,641)	574,464,789
Deferred tax assets								5,561,000
Total assets								580,025,789
Segment liabilities	202,976,395	5,500,752	42,636,684	309,218,732	487,275	560,819,838	(44,071,769)	516,748,069
Tax liabilities								10,564,401
Deferred tax liabilities								3,456,000
Total liabilities								530,768,470

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates, interest in a joint venture and deferred tax assets; and
- all liabilities are allocated to reportable segments other than tax liabilities and deferred tax liabilities.

Other entity-wide segment information

For the year ended 30 September 2014

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	1,255,583	–	–	–	73,000	–	1,328,583
Depreciation of property, plant and equipment	835,899	–	–	–	14,600	–	850,499

For the period from 1 October 2014 to 28 September 2015

	Building and structures	Mechanical and electrical	Earthworks and infrastructure	Concession and maintenance	Others	Unallocated	Consolidated
	RM	*RM*	*RM*	*RM*	*RM*	*RM*	*RM*
Amounts included in the measure of segment results or segment assets:							
Additions of property, plant and equipment	7,891,578	25,543	–	–	–	–	7,917,121
Depreciation of property, plant and equipment	1,359,325	101,945	–	–	14,600	–	1,475,870
Gain on disposal of property, plant and equipment	18,798	–	–	–	–	–	18,798

Geographical information

The BGMC Group's revenue from external customers are all derived from Malaysia. All non-current assets of the BGMC Group are located in Malaysia.

Information about major customers

Revenue from customers during the Predecessor Track Record Period individually contributing over 10% of the total revenue of the BGMC Group during each of the reporting period is as follows:

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Customer A[1]	81,825,664	150,047,726
Customer B[1]	27,123,106	N/A[2]
Customer C[1]	24,461,061	N/A[2]

[1] *These customers are from the segment of building and structures.*

[2] *The corresponding revenue did not contribute over 10% of the total revenue of the BGMC Group for the period from 1 October 2014 to 28 September 2015.*

6. OTHER GAINS

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Gain on deemed disposal of a joint venture (note 16)	–	3,680,176
Gain on disposal of investment properties	200,000	945,000
Gain on disposal of property, plant and equipment	–	18,798
Gain on disposal of scrap materials	–	40,177
Gain on disposal of subsidiaries (note 34)	–	311,546
	200,000	4,995,697

7. FINANCE COSTS

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Interests on borrowings	639,011	2,615,953
Interests on obligations under finance leases	177,010	199,422
Loan commitment fees	384,536	649,167
	1,200,557	3,464,542

8. PROFIT BEFORE TAX

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Profit before tax is arrived at after charging (crediting):		
Auditors' remuneration	47,078	98,924
Depreciation of property, plant and equipment	850,499	1,475,870
Interest income from bank deposits	(51,293)	(145,071)
Minimum lease payments paid under operating leases in respect of:		
– Office premises	156,200	255,304
– Motor vehicles	69,500	30,000
Minimum lease payments received under operating leases from leasing of properties less outgoings	(74,610)	(58,132)
Staff costs (Note)	3,038,286	7,079,969
Directors' emoluments (note 10)	290,601	761,026
Total staff costs	3,328,887	7,840,995

Note: Staff costs include salaries, bonuses and contributions to Employees Provident Fund ("EPF") and all other staff related expenses. Contributions to EPF by the BGMC Group for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 amounted to RM335,155 and RM726,818 respectively.

9. INCOME TAX EXPENSE

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Malaysian Corporate Income Tax:		
Current year/period	2,589,000	5,181,529
Underprovision in prior years	1,212	157,484
	2,590,212	5,339,013
Deferred tax (note 19)	375,845	381,000
	2,966,057	5,720,013

Malaysian Corporate Income Tax is calculated at the statutory tax rate on the estimated assessable profit for the Predecessor Track Record Period.

The Finance Act, 2015 has amended the Income Tax Act, 1967 to reduce the Malaysian Corporate Income Tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates for the period when the asset is realised or the liability is settled. Details of deferred taxation are set out in note 19.

The income tax expense for the Predecessor Track Record Period can be reconciled from the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Profit before tax	10,152,390	26,634,096
Tax at applicable tax rate at 25%	2,538,098	6,658,524
Tax effect of expenses not deductible for tax purpose	326,939	423,651
Tax effect of income not taxable for tax purpose	(69,048)	(1,460,939)
Tax effect of share of results of associates	(8,975)	(28,407)
Tax effect of share of results of a joint venture	–	(46,110)
Underprovision in prior years	1,212	157,484
Others	177,831	15,810
	2,966,057	5,720,013

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors and chief executive

Details of the emoluments paid to directors and chief executive for the Predecessor Track Record Period are as follows:

For the year ended 30 September 2014

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note 1)*	*RM*	*RM*
Datin Rohayati Binti Ariffin	–	51,200	–	6,351	57,551
Dato' Mazlan bin Yosof (deceased on 5 June 2014)	–	99,400	35,400	16,589	151,389
Dato' Teh Kok Lee (appointed on 19 May 2014) (Note 2)	–	38,000	4,000	5,247	47,247
Ir. Azham Malik B. Mohd Hashim (appointed on 5 June 2014)	–	30,000	–	4,414	34,414
	–	218,600	39,400	32,601	290,601

For the period from 1 October 2014 to 28 September 2015

	Directors' fees	Basic salaries, allowances and benefits in kind	Bonus	Retirement benefit plan contributions	Total
	RM	*RM*	*RM* *(Note 1)*	*RM*	*RM*
Datin Rohayati Binti Ariffin	–	153,600	–	19,052	172,652
Dato' Mohd Arifin Bin Mohd Arif (appointed on 3 June 2015)	–	180,000	45,000	27,620	252,620
Dato' Teh Kok Lee (Note 2)	–	208,500	60,000	32,840	301,340
Ir. Azham Malik B. Mohd Hashim	–	30,000	–	4,414	34,414
	–	572,100	105,000	83,926	761,026

Notes:

1. *Bonus are determined based on the results of the BGMC Group and/or performance of directors.*

2. *Dato' Teh Kok Lee is the chief executive officer of the BGMC Group, and his emoluments disclosed above include those for services rendered by him as the chief executive.*

The directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the BGMC Group.

Employees

The five highest paid employees of the BGMC Group during the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 included one and two existing director(s) respectively, details of whose emoluments are set out above. Details of the emoluments of the remaining four and three highest paid employees who are neither an existing director nor chief executive of BGMC Corporation for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 are as follows:

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
Basic salaries, allowances and benefits in kind	316,700	418,000
Bonus	22,000	115,500
Retirement benefit plan contributions	40,644	64,020
	379,344	597,520

The number of the highest paid employee who are neither an existing director nor chief executive of BGMC fell within the following bands is as follows:

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	No. of employees	No. of employees
Nil to HK$1,000,000	4	4

During the Predecessor Track Record Period, no emoluments were paid by the BGMC Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the BGMC Group or as compensation for loss of office. None of the directors waived any emoluments during the Predecessor Track Record Period.

11. EARNINGS PER SHARE

Information of earnings per share is not presented as such information is not meaningful given the purpose of this report.

12. INVESTMENT PROPERTIES

	RM
COST	
At 1 October 2013	1,255,000
Disposal	(1,000,000)
At 30 September 2014	255,000
Additions	577,984
Disposal	(255,000)
Disposal of subsidiaries (note 34)	(577,984)
At 28 September 2015	–

The investment properties shown above represent leasehold land and buildings in Malaysia.

Investment properties were charged to financial institutions as security for term loans facilities granted to the BGMC Group (note 26).

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Computers and software	Machinery and site equipments	Motor vehicles	Office equipment	Total
	RM	*RM*	*RM*	*RM*	*RM*	*RM*
COST						
At 1 October 2013	81,160	208,489	3,792,933	2,149,958	263,025	6,495,565
Additions	75,100	363,903	–	883,023	6,557	1,328,583
At 30 September 2014	156,260	572,392	3,792,933	3,032,981	269,582	7,824,148
Additions	8,243	17,320	4,014,277	1,095,010	2,782,271	7,917,121
Disposals	–	–	–	(144,202)	–	(144,202)
Acquisition of subsidiaries (notes 33(a), (b) & (c))	3,145	73,507	8,022,027	2,360,425	167,592	10,626,696
Disposals of subsidiaries (note 34)	(73,000)	–	–	–	–	(73,000)
At 28 September 2015	94,648	663,219	15,829,237	6,344,214	3,219,445	26,150,763
DEPRECIATION						
At 1 October 2013	79,871	202,087	638,703	827,699	260,654	2,009,014
Charge for the year	15,011	61,142	353,538	419,188	1,620	850,499
At 30 September 2014	94,882	263,229	992,241	1,246,887	262,274	2,859,513
Charge for the period	17,255	87,060	535,921	704,732	130,902	1,475,870
Eliminated upon disposals	–	–	–	(69,000)	–	(69,000)
Disposals of subsidiaries (note 34)	(29,200)	–	–	–	–	(29,200)
At 28 September 2015	82,937	350,289	1,528,162	1,882,619	393,176	4,237,183
CARRYING VALUES						
At 30 September 2014	61,378	309,163	2,800,692	1,786,094	7,308	4,964,635
At 28 September 2015	11,711	312,930	14,301,075	4,461,595	2,826,269	21,913,580

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Furniture and fittings	10% - 20%
Computers and software	20% - 33%
Machineries and site equipments	10% - 20%
Motor vehicles	20%
Office equipment	20%

The carrying amount of property, plant and equipment of the BGMC Group held under finance leases as at 30 September 2014 and 28 September 2015 are approximately RM3,378,000 and RM16,727,000 respectively.

14. PROPERTIES FOR DEVELOPMENT

Amount represented freehold lands held for property development in Malaysia for future development of which the development plan is to be fixed. Such lands were derecognised upon disposal of subsidiaries during the period from 1 October 2014 to 28 September 2015 (see note 34 for details).

15. INTERESTS IN ASSOCIATES

	30.9.2014	28.9.2015
	RM	*RM*
Unquoted shares, at cost	6,000,002	–
Share of post-acquisition results	(4,368,660)	–
	1,631,342	–

The following table sets out the particulars of the associate of the BGMC Group which, in the opinion of the directors, principally affected the results or net assets of the BGMC Group.

Name of associate	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group 30.9.2014	28.9.2015	Proportion of voting rights held by the Group 30.9.2014	28.9.2015	Principal activity
			%	%	%	%	
KAS Engineering Sdn. Bhd. ("KAS Engineering")	Malaysia	Malaysia	25	100	25	100	Concession with the Government of Malaysia for the construction of a university building

BGMC Corporation held 25% of the issued share capital of KAS Engineering and was able to exercise significant influence over KAS Engineering. Therefore, it was regarded as an associate of BGMC Corporation as at 30 September 2014.

On 28 September 2015, BGMC Corporation acquired the remaining 75% of the issued capital of KAS Engineering (note 33(b)) and it became a subsidiary of BGMC Corporation thereafter.

All of these associates' financial statements are accounted for using the equity method in the BGMC Corporation Historical Financial Information.

Aggregate information of the associates

The summarised financial information below represents the aggregate amount of the BGMC Group's share of its interests in associates.

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
The BGMC Group's share of profit and total comprehensive income for the year/period	35,898	113,627

	30.9.2014	28.9.2015
	RM	*RM*
Aggregate carrying amount of the BGMC Group's interests in these associates	1,631,342	–

16. INTEREST IN A JOINT VENTURE

	30.9.2014	28.9.2015
	RM	*RM*
Unquoted shares, at cost	250,000	–

The following table sets out the particulars of the joint venture of the BGMC Group.

Name of joint venture	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group 30.9.2014	Proportion of ownership interest held by the Group 28.9.2015	Proportion of voting rights held by the Group 30.9.2014	Proportion of voting rights held by the Group 28.9.2015	Principal activity
Headway Construction Sdn. Bhd. ("Headway Construction")	Malaysia	Malaysia	50	51	50	51	Earthworks and infrastructure works

The joint venture, Headway Construction, is engaged in earthworks and infrastructure works and incorporated in Malaysia on 4 October 2011. BGMC Corporation has acquired a 50% equity interest in such joint venture on 22 September 2014. On 28 September 2015, BGMC Corporation acquired a further 1% of the issued capital of Headway Construction (note 33(c)) and it became a subsidiary of BGMC Corporation thereafter. The difference between the fair value of the 50% interest of RM4,114,617 and the carrying amount of the interest in such joint venture being derecognised of RM434,441, has resulted in a gain of RM3,680,176 being recognises in profit or loss during the period form 1 October 2014 to 28 September 2015.

Information of the joint venture

The summarised financial information below represents the aggregate amount of the BGMC Group's share of its interest in a joint venture.

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
The BGMC Group's share of profit and total comprehensive income for the year/period	–	184,441

17. GOODWILL

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
At beginning of year/period	–	–
Arising from acquisition of subsidiaries (notes 33(a) & (c))	–	2,332,490
At end of year/period	–	2,332,490

Goodwill arising from business combination has been allocated to the following cash-generating units ("CGUs"):

	30.9.2014	28.9.2015
	RM	*RM*
Built-Master Elevator Engineering Sdn. Bhd. ("Built-Master Elevator")	–	49,130
Built-Master Engineering Sdn. Bhd.	–	1,261,353
Headway Construction	–	1,022,007
	–	2,332,490

As at 28 September 2015, management carried out its review of recoverable amounts of its goodwill. The review did not give rise to any impairment losses.

The recoverable amounts of the CGUs have been determined on the basis of value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a 3-year period. The cash flows beyond the 3-year period are extrapolated using a steady growth rate. The key assumptions for the value-in-use calculations as of 28 September 2015 are as follows:

CGUs	Growth rates for cash flows beyond 3 years	Discount rates applied
Built-Master Elevator	3%	15.4%
Built-Master Engineering Sdn. Bhd.	3%	15.4%
Headway Construction	3%	15.5%

a) Growth rate

The CGUs' cash flows beyond the 3-year period are extrapolated using a steady 3% growth rate. The growth are forecasted after considering factors like general market condition, industry-specific and other relevant information and does not exceed the average long-term growth rate for the relevant industry.

b) Discount rates

The discount rates used are pre-tax and reflect the weighted average cost of capital of the respective CGUs.

Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and costs of sales, such estimation is based on the CGUs' past performance and pipeline of construction projects. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGUs to exceed the aggregate recoverable amount of CGUs.

18. INTANGIBLE ASSETS

	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
	RM	*RM*
At beginning of year/period	–	–
Arising from acquisition of subsidiaries (notes 33(a), (b) & (c))	–	17,146,453
At end of year/period	–	17,146,453

The BGMC Group's intangible assets which arose from acquisition of subsidiaries in current year have finite useful lives, consisting of the following:

(i) Rights on construction contract amounting to RM7,639,676 represents right on the unbilled portion of construction contracts secured that are billable for the completion of the construction work. The amortisation period ranges from 4 to 5 years as determined based on the progress to complete the construction work.

(ii) Rights on management service income amounting to RM9,506,777 represents right to receive management service income from a concession agreement for carrying out the property management services on a university. The amortisation period is 20 years.

19. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the BGMC Group and movements thereon during the Predecessor Track Record Period.

	Accelerated tax depreciation	Intangible assets	Tax losses	Total
	RM	*RM*	*RM*	*RM*
At 1 October 2013	114,155	–	–	114,155
Charge to profit or loss	375,845	–	–	375,845
At 30 September 2014	490,000	–	–	490,000
Acquisition of subsidiaries (notes 33(a), (b) & (c))	765,478	1,833,522	(5,575,000)	(2,976,000)
Charge to profit or loss	381,000	–	–	381,000
At 28 September 2015	1,636,478	1,833,522	(5,575,000)	(2,105,000)

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30.9.2014	28.9.2015
	RM	*RM*
Deferred tax assets	–	(5,561,000)
Deferred tax liabilities	490,000	3,456,000
	490,000	(2,105,000)

As at 30 September 2014, the BGMC Group does not have significant unutilised tax loss.

As at 28 September 2015, the BGMC Group has unutilised tax losses of approximately RM22,300,000 available for offset against future profits. Deferred tax assets have been recognised in respect of such tax losses.

20. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	30.9.2014	28.9.2015
	RM	*RM*
Contract costs incurred to date	360,419,420	1,222,084,462
Recognised profits less recognised losses	30,145,010	59,330,933
	390,564,430	1,281,415,395
Less: progress billings received and receivable	(433,931,996)	(985,262,331)
	(43,367,566)	296,153,064
Analysed for reporting purposes as:		
Amounts due from customers for contract works		
– current assets	30,595,223	72,956,330
– non-current assets	–	289,694,463
	30,595,223	362,650,793
Amounts due to customers for contract works	(73,962,789)	(66,497,729)
	(43,367,566)	296,153,064

The non-current portion of amounts due from customers for contract works are expected not to be realised within one year.

21. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.9.2014	28.9.2015
	RM	*RM*
Trade receivables:		
Third parties	46,714,294	39,281,129
Related parties	37,155,686	73,824,501
	83,869,980	113,105,630
Retention receivables:		
Third parties	8,756,265	18,911,260
Related parties	5,606,734	9,917,349
	14,362,999	28,828,609
Other receivables:		
Third parties	7,529,658	2,916,980
Related parties	7,921,052	11,141,469
	15,450,710	14,058,449
Refundable deposits	1,646,138	7,792,456
Prepaid expenses	271,868	1,007,214
Goods and services tax receivable	–	1,068,378
	115,601,695	165,860,736

Related parties refer to companies in which certain directors of BGMC Corporation or siblings of certain directors are also directors and have control, or BGMC Corporation has significant influence.

Amounts due from related parties included under trade receivables and retention receivables are unsecured and interest-free.

The credit period granted for the progress billings for the BGMC Group is 30 to 60 days. No interest is charged on trade receivables. Impairment losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

The credit period on retention receivables is 24 months after completion of construction.

Amounts due from related parties included under other receivables which arose mainly from expenses paid by the BGMC Group on behalf of related parties, are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of each reporting period.

	30.9.2014	28.9.2015
	RM	*RM*
0 to 30 days	22,801,359	9,654,884
31 to 90 days	10,752,663	18,696,480
Over 90 days	50,315,958	84,754,266
	83,869,980	113,105,630

The BGMC Group has trade receivables as at 30 September 2014 and 28 September 2015 totaling RM61,068,621 and RM103,450,746 respectively, that are past due at the end of the reporting period but against which the BGMC Group has not recognised allowance for doubtful debts as the amounts are still considered recoverable. The BGMC Group does not hold any collateral over these balances.

The table below is an analysis of trade receivables that are past due but not impaired at the end of the reporting period:

	30.9.2014	28.9.2015
	RM	*RM*
Overdue:		
1 to 30 days	5,397,968	12,514,275
31 to 60 days	5,354,695	6,182,205
61 to 90 days	3,617,487	4,034,429
Over 90 days	46,698,471	80,719,837
	61,068,621	103,450,746

22. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates, which arose mainly from payments by the BGMC Group on behalf of the associates, are unsecured, interest-free and repayable on demand.

23. FIXED DEPOSITS

As at 30 September 2014 and 28 September 2015, fixed deposits with banks carry interest at rates ranging from 3.0% to 3.3% per annum and 3.1% to 3.3% per annum respectively, and have maturity ranging from 30 days to 365 days for both year/period end.

24. SHARE CAPITAL

	Number of shares		Share capital	
	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**	**1.10.2013 to 30.9.2014**	**1.10.2014 to 28.9.2015**
			RM	*RM*
Authorised:				
Ordinary shares at par value of RM1 each				
At beginning of the year/period	5,000,000	10,000,000	5,000,000	10,000,000
Created during the year/period	5,000,000	–	5,000,000	–
At end of the year/period	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:				
Ordinary shares at par value of RM1 each				
At beginning of the year/period	5,000,000	10,000,000	5,000,000	10,000,000
Issued during the year/period	5,000,000	–	5,000,000	–
At end of the year/period	10,000,000	10,000,000	10,000,000	10,000,000

On 7 April 2014, 5,000,000 new ordinary shares of RM1 each in BGMC Corporation have been issued and fully paid-up.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of BGMC Corporation.

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	30.9.2014	**28.9.2015**	**30.9.2014**	**28.9.2015**
	RM	*RM*	*RM*	*RM*
Obligations under finance leases payable:				
Within one year	1,389,432	5,706,642	1,263,372	5,259,699
Within a period of more than one year but not more than two years	983,479	2,516,155	924,971	2,253,593
Within a period of more than two years but not more than five years	776,075	3,444,286	737,178	3,240,470
Within a period of more than five years	–	209,503	–	198,776
	3,148,986	11,876,586	2,925,521	10,952,538
Less: future finance charges	(223,465)	(924,048)	N/A	N/A
Present value of lease obligations	2,925,521	10,952,538	2,925,521	10,952,538
Less: Amount due for settlement within twelve months (shown under current liabilities)			(1,263,372)	(5,259,699)
Amount due for settlement after twelve months			1,662,149	5,692,839

It is the BGMC Group's policy to lease certain of its property, plant and equipment under finance leases. Interest rates underlying all obligations under finance leases as at 30 September 2014 and 28 September 2015 are fixed at respective contract dates ranging from 2.35% to 4.06% per annum and 2.35% to 3.47% per annum respectively.

Obligations under finance leases were secured by property, plant and equipment under hire purchase and jointly and severally guaranteed by certain directors of the Company and/or the subsidiaries.

26. BORROWINGS

	Notes	30.9.2014	28.9.2015
		RM	*RM*
Current:			
Bank overdrafts	(a)	1,170,995	10,644,435
Term loan I	(b)	7,785	7,634
Term loan II	(c)	–	13,272,662
Total current		1,178,780	23,924,731
Non-current:			
Bridging loan	(d)	19,614,663	38,000,000
Term loan I	(b)	219,377	201,541
Term loan II	(c)	–	252,405,150
Total non-current		19,834,040	290,606,691
Total		21,012,820	314,531,422

Summary of borrowing arrangements are as followings:

(a) Bank overdrafts are secured by facility agreements for a sum of RM6,500,000, memorandum of deposit over fixed deposits of BGMC Corporation (note 23) and a joint and several guarantee by a director and a third party.

(b) Term loan I is secured by facility agreement for a sum of RM255,000, assignment of rights, title and interest over one unit of leasehold condominium of BGMC Corporation (note 12) and a joint and several guarantees by all the directors. The said leasehold condominium was disposed off during the period from 1 October 2014 to 28 September 2015 and management is in the process of getting the security discharge.

(c) Term loan II is secured by:

(i) master facility agreements;

(ii) debenture creating a floating charge over all present and floating charge over all present and future assets of a subsidiary;

(iii) assignment of all rights, title, interest and benefits of a subsidiary under certain clause of the concession agreement;

(iv) the sub-lease agreement ("Sub-lease agreement") to be entered into between a subsidiary as sub-lessor and the sub-leassee in respect of the project land;

(v) assignments of all the present and future rights, title, interest and benefits of a subsidiary under the construction contract of the project;

(vi) assignment over the designated accounts as stipulated in the loan agreement;

(vii) assignment of all the present and future rights, title, interest, and benefits of a subsidiary under policies of Islamic taken out in respect of or rising from the project, (excluding workmen's compensation and public liability insurances);

(viii) a joint and several guarantee by all the directors of a subsidiary;

(ix) corporate guarantee by BGMC Corporation;

(x) irrecoverable letter of undertaking by a subsidiary to complete the project in accordance with the terms of the concession agreement and to provide cash injection in the event of cost overrun during construction period and cash flow shortfall during concession period;

(xi) irrecoverable letter of undertaking from a subsidiary ensuring that at least thirty percent (30%) of the construction and maintenance works is to be sub-contracted out to bumiputra contractors and at least sixty percent (60%) of the subsidiary's workforce is bumiputra employees; and

(xii) any other security or documents as may be required by Bank Pembangunan Malaysia Berhad ("BPMP") and/or as advised by BPMP's Solicitors for a facility of this nature.

(d) Bridging loan is secured by a joint and several guarantees for a sum of RM38,000,000 by certain directors of BGMC Corporation and assignment of considerations received from the customer to the escrow account maintained.

The remaining maturities of borrowings as at 30 September 2014 and 28 September 2015 are as follows:

	30.9.2014	**28.9.2015**
	RM	*RM*
On demand or within one year	1,186,402	23,891,457
More than one year and less than two years	4,919,071	34,707,378
More than two years and less than five years	14,757,212	104,122,134
More than five years	150,135	151,810,453
Total	21,012,820	314,531,422

The weighted average interest rates per annum for borrowings as at 30 September 2014 and 28 September 2015 are as follows:

	30.9.2014	**28.9.2015**
Bank overdrafts	7.60%	7.85%
Term loan I	4.95%	4.95%
Term loan II	N/A	8.88%
Bridging loan	8.10%	8.35%

27. TRADE AND OTHER PAYABLES

	30.9.2014	28.9.2015
	RM	*RM*
Trade payables:		
Third parties	21,375,883	58,461,515
Related parties	254,956	508,664
	21,630,839	58,970,179
Retention payables:		
Third parties	4,805,824	7,560,784
Related parties	6,709	18,963
	4,812,533	7,579,747
Consideration payables (note 33(a) & (c))	–	3,976,291
Other payables:		
Third parties	18,902,947	9,689,772
Related parties	114,196	6,630,399
	19,017,143	16,320,171
Accrued expenses	111,461	14,509,582
	45,571,976	101,355,970

Related parties refer to companies in which certain directors of BGMC Corporation or close family members of certain directors are also directors and have control.

Amounts due to related parties included under trade payables and retention payables are unsecured and interest-free.

Trade payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the BGMC Group for trade purchase ranges from 30 to 90 days.

The credit period on retention payables is 24 months after completion of construction.

Amounts due to related parties included under other payables which arose mainly from expenses paid by related parties on behalf of the BGMC Group, are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30.9.2014	28.9.2015
	RM	*RM*
0 to 30 days	12,837,735	26,047,862
31 to 90 days	6,460,875	15,610,148
Over 90 days	2,332,229	17,312,169
	21,630,839	58,970,179

28. AMOUNTS DUE TO DIRECTORS

The amounts due to directors are unsecured, interest-free and repayable on demand.

29. CAPITAL RISK MANAGEMENT

The BGMC Group manages its capital to ensure that entities in the BGMC Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The BGMC Group's overall strategy remains unchanged throughout the Predecessor Track Record Period.

The capital structure of the BGMC Group consists of net debt which includes borrowings disclosed in note 26, net of cash and cash equivalents, and equity attributable to owners of BGMC Corporation, comprising issued share capital and retained earnings.

The directors review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The BGMC Group will also balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

30. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

	30.9.2014	28.9.2015
	RM	*RM*
Financial assets		
Loan and receivables (including cash and cash equivalents)	137,156,599	168,345,881
Financial liabilities		
Amortised cost	73,676,697	439,297,802

(ii) Financial risk management objectives and policies

The BGMC Group's major financial instruments include trade and other receivables, amounts due from associates, fixed deposits, bank balances and cash, trade and other payables, amounts due to directors and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The BGMC Group is exposed to cash flow interest rate risk as certain of its bank balances and borrowings are subject to floating interest rates. Management will consider hedging significant interest rate exposure should the need arise.

The BGMC Group is also exposed to fair value interest rate risk in relation to its fixed-rate bank deposits and borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for borrowings at the end of the reporting period and assumed the amounts outstanding at the end of the reporting period were outstanding for the whole year and held constant throughout the Predecessor Track Record Period. If interest rates on interest bearing borrowings had been 50 basis points higher/lower and all other variables were held constant, the profit for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 would decrease/increase by approximately RM79,000 and RM1,179,000 respectively.

Credit risk

The BGMC Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statements of financial position.

The BGMC Group's credit risk is primarily attributable to its trade receivables. In order to minimise the credit risk, management extends credit to its customers based on careful evaluation of the customers' financial condition and credit history. In addition, the BGMC Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors consider that the BGMC Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

As at 30 September 2014 and 28 September 2015, the BGMC Group has concentration of credit risk as 29% and 26% of the total trade and other receivables were due from one largest customer within the building and structures segment respectively; while 69% and 65% of the total trade and other receivables were due from five largest customers within the building and structures segment respectively. Other than this, the BGMC Group has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity risk

The BGMC Group's total assets less current liabilities as at 30 September 2014 and 28 September 2015 are RM45,425,841 and RM349,012,849 respectively; and the BGMC Group's net current assets at 30 September 2014 and 28 September 2015 are RM34,192,234 and RM12,364,863 respectively.

In the management of the liquidity risk, the BGMC Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the BGMC Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. As at 30 September 2014 and 28 September 2015, the BGMC Group has available unutilised bank borrowing facilities of approximately RM4,100,000 and RM28,211,000 respectively.

The following table details the BGMC Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the BGMC Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing market interest rate at the end of each reporting period.

	Weighted average effective interest rate	**On demand or within 1 year**	**1 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*RM*	*RM*	*RM*	*RM*	*RM*
30.9.2014						
Trade and other payables	–	45,571,976	–	–	45,571,976	45,571,976
Amounts due to directors	–	7,091,901	–	–	7,091,901	7,091,901
Obligations under finance leases	2.91	1,389,432	1,759,554	–	3,148,986	2,925,521
Borrowings	8.04	2,777,771	22,222,150	188,874	25,188,795	21,012,820
Total		56,831,080	23,981,704	188,874	81,001,658	76,602,218

	Weighted average effective interest rate	**On demand or within 1 year**	**1 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*RM*	*RM*	*RM*	*RM*	*RM*
28.9.2015						
Trade and other payables	–	101,355,970	–	–	101,355,970	101,355,970
Amounts due to directors	–	23,410,410	–	–	23,410,410	23,410,410
Obligations under finance leases	3.40	5,706,642	5,960,441	209,503	11,876,586	10,952,538
Borrowings	8.78	35,591,745	208,636,384	226,156,111	470,384,240	314,531,422
Total		166,064,767	214,596,825	226,365,614	607,027,206	450,250,340

(iii) Fair value measurements of financial instruments

The directors consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the BGMC Corporation Historical Financial Information approximate their fair values.

The fair values of the above financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

31. RELATED PARTY TRANSACTIONS

In addition to the balances of the BGMC Group with related parties disclosed above, the BGMC Group has the following transactions with related parties during the Predecessor Track Record Period:

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
Construction revenue from an associate	81,825,663	150,047,726
Construction revenue from related parties (Note)	75,635,734	129,119,012
Rental of motor vehicles paid to a related party (Note)	30,000	30,000
Site management fees paid to an associate	878,072	1,298,173

Note: Related parties refer to companies in which certain directors of BGMC Corporation or siblings of certain directors are also directors and have control.

The remuneration of the directors and key management including chief executive of BGMC Corporation is disclosed in note 10.

32. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the BGMC Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented office premises which fall due as follows:

	30.9.2014	**28.9.2015**
	RM	*RM*
Within one year	–	105,290
In the second to fifth year inclusive	–	234,271
	–	339,561

Operating lease payments represent rentals payable by the BGMC Group for certain of its offices premises. Leases are negotiated for terms ranging from two to four years and rentals are fixed over the term of the relevant leases.

33. ACQUISITION OF SUBSIDIARIES

a) Acquisition of Built-Master Engineering Sdn. Bhd.

Pursuant to various agreements, BGMC Corporation acquired 80% of the issued share capital of Built-Master Engineering for a total consideration of RM3,800,080. On 27 May 2015, BGMC Corporation obtains control over Built-Master Engineering for business expansion. Consideration amounting to RM80 was paid by BGMC Corporation during the period from 1 October 2014 to 28 September 2015 while the remaining of RM3,800,000 was not yet settled up to 28 September 2015. The acquisition has been accounted for using the acquisition method. Built-Master Engineering and its subsidiary, Built-Master Elevator Engineering Sdn. Bhd. (collectively the "BME Group") are engaged in business of mechanical and electrical engineering, and supply and installation of elevators. Assets and liabilities acquired, which approximate to their fair values, recognised at the date of acquisition are as follows:

	RM
Assets	
Property, plant and equipment	484,154
Intangible assets	3,814,641
Trade and other receivables	3,151,918
Amounts due from customers for contract works	2,359,012
Bank balances and cash	121,294
Liabilities	
Trade and other payables	(1,038,038)
Amounts due to customers for contract works	(3,697,074)
Amounts due to directors	(550,983)
Obligations under finance leases	(354,039)
Tax liabilities	(34,496)
Deferred tax liabilities	(915,514)
Fair value of identifiable net assets acquired	3,340,875

The trade and other receivables acquired with a fair value of RM3,151,918 represents the gross contractual amounts at the date of acquisition. The best estimate at acquisition date of contractual cash flows not expected to be collected is nil.

The effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalents acquired	121,294
Less: Consideration paid	(80)
Net cash inflows on acquisition	121,214

Acquisition-related costs relating the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

Goodwill was recognised as a result of the acquisition as follows:

	RM
Total consideration transferred	3,800,080
Add: Non-controlling interest, based on their proportionate interest (i.e. 20%) in the recognised amounts of the assets and liabilities in the BME Group	851,278
Less: Fair value of identifiable net assets	(3,340,875)
Goodwill arising on consolidation	1,310,483

If the acquisition had occurred on 1 October 2014, the BGMC Group's results for the period from 1 October 2014 to 28 September 2015 would have been as follows:

	RM
Revenue for the period	432,620,574
Profit for the period	21,236,923

The acquired subsidiaries have contributed the following results to the BGMC Group during the period from 1 October 2014 to 28 September 2015:

	RM
Revenue for the period	1,038,483
Loss for the period	(265,970)

b) Acquisition of KAS Engineering Sdn. Bhd.

Pursuant to various agreements, BGMC Corporation acquired an additional 75% of the issued share capital of KAS Engineering which the Company had a 25% interest at the beginning of the period (note 15) for a consideration of RM3,600,000 on 28 September 2015. The acquisition has been considered as assets acquisition since BGMC Corporation acquired KAS Engineering for its concession contract with the Government of Malaysia for the construction of a university building. Assets and liabilities acquired, which approximate to their fair values, recognised at the date of acquisition are as follows:

	RM
Assets	
Property, plant and equipment	65,132
Intangible assets	9,506,777
Deferred tax assets	5,561,000
Amounts due from customers for contract works	293,319,990
Other receivables and deposits	5,262,916
Tax recoverable	131,582
Bank balances and cash	716,301
Liabilities	
Trade and other payables	(43,128,952)
Amounts due to directors	(411,969)
Borrowings	(265,677,812)
	5,344,965

The effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalents acquired	716,301
Less: Consideration paid	(3,600,000)
Net cash outflows on acquisition	(2,883,699)

c) Acquisition of Headway Construction Sdn. Bhd.

Pursuant to various agreements, BGMC Corporation acquired an additional 1% of the issued share capital of Headway Construction which BGMC Corporation had 50% equity interest at the beginning of the period (note 16) for a total consideration of RM186,291. On 28 September 2015, BGMC Corporation obtains control over Headway Construction for business expansion. Consideration amounting to RM10,000 was paid by BGMC Corporation during the period from 1 October 2014 to 28 September 2015 while the remaining of RM126,291 was not yet settled up to 28 September 2015. The acquisition has been accounted for using the acquisition method. Headway Construction is engaged in the business of earthwork and infrastructure work. Assets and liabilities acquired, which approximate to their fair values, recognised at the date of acquisition are as follows:

	RM
Assets	
Property, plant and equipment	10,077,410
Intangible assets	3,825,035
Trade and other receivables and deposits	11,537,585
Amounts due from customers for contract works	26,585,966
Bank balances and cash	432,246
Liabilities	
Trade and other payables	(35,872,848)
Amounts due to customers for contract works	(1,809,718)
Amounts due to directors	(201,869)
Obligations under finance leases	(4,752,251)
Tax liabilities	(840,844)
Deferred tax liabilities	(1,669,486)
Fair value of identifiable net assets acquired	7,311,226

The trade and other receivables acquired with a fair value of RM10,447,887 represents the gross contractual amounts at the date of acquisition. The best estimate at acquisition date of contractual cash flows not expected to be collected is nil.

The effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalents acquired	432,246
Less: Consideration paid	(10,000)
Net cash inflows on acquisition	422,246

Acquisition-related costs relating the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

Goodwill was recognised as a result of the acquisition as follows:

	RM
Total consideration transferred	186,291
Add: Fair value of 50% interest in a joint venture derecognised (see note 16)	4,114,617
Add: Non-controlling interest, based on their proportionate interest (i.e. 49%) in the recognised amounts of the assets and liabilities in Headway Construction	4,032,325
Less: Fair value of identifiable net assets	(7,311,226)
Goodwill arising on consolidation	1,022,007

If the acquisition had occurred on 1 October 2014, the BGMC Group's results for the period from 1 October 2014 to 28 September 2015 would have been as follows:

	RM
Revenue for the period	453,141,798
Profit for the period	21,102,213

The acquired subsidiary does not contributed any revenue or results to the BGMC Group for the period from 1 October 2014 to 28 September 2015.

34. DISPOSAL OF SUBSIDIARIES

On 28 July 2015, the BGMC Group disposed of a wholly-owned subsidiary, Nova Segar Development Sdn. Bdn., for a consideration of RM250,000.

On 25 August 2015, the BGMC Group disposed of a wholly-owned subsidiary, Latest Golden Development Limited, for a consideration of RM500,000.

On 28 September 2015, the BGMC Group disposed of a wholly-owned subsidiary, Calmore Estate Sdn. Bdn., for a consideration of RM200,000.

The net assets of the subsidiaries disposed of are as follows:

	RM
Assets	
Investment properties	577,984
Property, plant and equipment	43,800
Properties for development	4,145,887
Trade and other receivables, deposits and prepayments	200,084
Bank balances and cash	321,550
Liabilities	
Trade and other payables	(4,633,322)
Tax liabilities	(17,529)
Net assets disposed of	638,454

The effect of the disposal on cash flows is as follows:

	RM
Cash consideration received	950,000
Less: Cash and cash equivalents disposed of	(321,550)
Net cash inflows on disposal	628,450

Gain on disposal of subsidiaries is determined as follows:

	RM
Total consideration	950,000
Less: Net assets disposed of	(638,454)
Gain on disposal of subsidiaries	311,546

35. PARTICULARS OF SUBSIDIARIES

At 30 September 2014 and 28 September 2015, BGMC Corporation has the following subsidiaries comprising the BGMC Group:

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid ordinary share capital	Attributable equity interest held by BGMC Corporation		Principal activities
				At 30 September 2014	At 28 September 2015	
Built-Master Elevator Engineering Sdn. Bhd. (Note 1)	Malaysia	13 September 2012	RM2	N/A (Note 3)	80%	Supply and installation of elevators
Built-Master Engineering Sdn. Bhd. (Note 2)	Malaysia	18 April 2012	RM0.1 million	N/A (Note 3)	80%	Mechanical and electrical engineering, and investment holding
Calmore Estate Sdn. Bhd. (Note 2)	Malaysia	19 September 2012	RM2	100%	N/A (Note 4)	Properties investment
Headway Construction Sdn. Bhd. (Note 2)	Malaysia	4 October 2011	RM0.5 million	N/A (Note 3)	51%	Earthworks and infrastructure works

Name of subsidiaries	Place of incorporation	Date of incorporation	Issued and fully paid ordinary share capital	Attributable equity interest held by BGMC Corporation		Principal activities
				At 30 September 2014	At 28 September 2015	
KAS Engineering Sdn. Bhd. (Note 2)	Malaysia	17 November 1993	RM5 million	N/A (Note 3)	100%	Concession with the Government of Malaysia for the construction of a university building
Latest Golden Development Sdn. Bhd. (Note 2)	Malaysia	23 May 2012	RM0.5 million	100%	N/A (Note 4)	Property development
Nova Segar Development Sdn. Bhd. (Note 2)	Malaysia	19 October 2006	RM0.25 million	100%	N/A (Note 4)	Property management agents

BGMC Corporation and its subsidiaries have adopted 30 September as their financial year end date.

Notes:

1. *Built-Master Elevator Engineering Sdn. Bhd. is indirectly held by BGMC Corporation through Built-Master Engineering Sdn. Bhd..*

2. *These companies are/were directly held by BGMC Corporation.*

3. *BGMC Corporation acquired these subsidiaries during the period from 1 October 2014 to 28 September 2015.*

4. *These companies were disposed by BGMC Corporation during the period from 1 October 2014 to 28 September 2015.*

The statutory financial statements of BGMC Corporation and its subsidiaries incorporated in Malaysia have been prepared in accordance with Malaysian Financial Reporting Standards or Private Entity Reporting Standards issued by the Malaysian Accounting Standards Board and were audited by chartered accountants registered in Malaysia as below:

Name of entities comprising the BGMC Group	Periods covered	Chartered Accountants
BGMC Corporation Sdn. Bhd.	For the year ended 30 September 2014	Y.L. Chee & Co.
Calmore Estate Sdn. Bhd.	For the year ended 30 September 2014	Y.L. Chee & Co.
Latest Golden Development Sdn. Bhd.	For the year ended 30 June 2014 and the period from 1 July 2014 to 30 September 2014	Y.L. Chee & Co.
Nova Segar Development Sdn. Bhd.	For the year ended 30 September 2014	Y.L. Chee & Co.

B. PRE-ACQUISITION FINANCIAL INFORMATION OF THE ACQUIRED SUBSIDIARY

As stated in note 33(b) of "A. BGMC Corporation Historical Financial Information", the BGMC Group acquired the assets and liabilities of KAS Engineering on 28 September 2015.

The financial information of KAS Engineering for the Predecessor Track Record Period (the "Pre-Acquisition Financial Information") has been prepared by the director of KAS Engineering in accordance with the accounting policies set out in note 3 of "A. BGMC Corporation Historical Financial Information", which is in compliance with IFRSs.

The functional currency of KAS Engineering is Malaysian Ringgit, and the Pre-Acquisition Financial Information is presented in Malaysian Ringgit for the purpose of incorporation in this accountants' report.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	**1.10.2013 to 30.9.2014**	**1.10.2014 to 28.9.2015**
		RM	*RM*
Revenue	*(i)*	90,270,770	165,533,931
Cost of sales		(81,825,663)	(150,047,726)
Gross profit		8,445,107	15,486,205
Other income		732,987	1,392,396
Administrative expenses		(478,401)	(784,888)
Finance costs		(6,345,814)	(11,673,390)
Profit before tax	*(ii)*	2,353,879	4,420,323
Income tax expense	*(iii)*	(111,000)	(153,000)
Profit and total comprehensive income for the year/ period		2,242,879	4,267,323

STATEMENTS OF FINANCIAL POSITION

	NOTES	30.9.2014	28.9.2015
		RM	RM
ASSETS			
Non-current Assets			
Property, plant and equipment	(iv)	74,281	65,132
Amounts due from customers for contract works	(vi)	127,786,059	289,694,463
Deferred tax assets	(v)	5,714,000	5,561,000
		133,574,340	295,320,595
Current Assets			
Amounts due from customers for contract works	(vi)	–	3,625,527
Other receivables and deposits	(vii)	5,356,362	5,262,916
Tax recoverable		–	131,582
Bank balances and cash		1,224,699	716,301
		6,581,061	9,736,326
TOTAL ASSETS		140,155,401	305,056,921
EQUITY AND LIABILITIES			
Capital and Reserve			
Share capital	(viii)	5,000,000	5,000,000
Accumulated losses (Note)		(13,429,135)	(9,161,812)
		(8,429,135)	(4,161,812)
Non-current Liability			
Borrowings	(ix)	109,149,907	252,405,150
Current Liabilities			
Trade and other payables	(x)	38,848,272	43,128,952
Amounts due to directors	(xi)	586,357	411,969
Borrowings	(ix)	–	13,272,662
		39,434,629	56,813,583
TOTAL LIABILITIES		148,584,536	309,218,733
TOTAL EQUITY AND LIABILITIES		140,155,401	305,056,921

Note: The movements in accumulated losses are as follow:

	RM
At 1 October 2013	(15,672,014)
Profit and total comprehensive income for the year	2,242,879
At 30 September 2014	(13,429,135)
Profit and total comprehensive income for the period	4,267,323
At 28 September 2015	(9,161,812)

STATEMENTS OF CASH FLOWS

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
OPERATING ACTIVITIES		
Profit before tax	2,353,879	4,420,323
Adjustments for:		
Depreciation of property, plant and equipment	8,794	17,127
Finance costs	6,345,814	11,673,390
Interest income from bank deposits	(4,678)	(4,885)
Operating cash flows before movements in working capital	8,703,809	16,105,955
Increase in amounts due from customers for contract works	(90,270,770)	(165,533,931)
(Increase) decrease in other receivables and deposits	(81,419)	93,447
Increase in trade and other payables	7,837,090	4,280,680
Cash used in operations	(73,811,290)	(145,053,849)
Tax paid	–	(131,582)
NET CASH USED IN OPERATING ACTIVITIES	(73,811,290)	(145,185,431)
INVESTING ACTIVITIES		
Interest received	4,678	4,885
Purchase of property, plant and equipment	(78,444)	(7,978)
NET CASH USED IN INVESTING ACTIVITIES	(73,766)	(3,093)
FINANCING ACTIVITIES		
Interest paid	(6,345,814)	(11,673,390)
New borrowings raised	80,591,796	156,527,904
Advances from directors	2,038,741	–
Repayments to directors	(1,478,269)	(174,388)
NET CASH FROM FINANCING ACTIVITIES	74,806,454	144,680,126
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	921,398	(508,398)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	303,301	1,224,699
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD, REPRESENTING BANK BALANCES AND CASH	1,224,699	716,301

Notes:

(i) REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from construction works during the Predecessor Track Record Period.

The concession and maintenance operation in Malaysia represents the single operating segment of KAS Engineering. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of KAS Engineering as a whole. Accordingly, no further analysis of this single segment is presented.

All revenue and non-current assets of KAS Engineering are derived from, or located in, Malaysia based on the operation of KAS Engineering.

(ii) PROFIT BEFORE TAXATION

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	12,360	25,720
Depreciation of property, plant and equipment	8,794	17,127
Directors' emoluments	163,955	245,000
Interest income from bank deposits	(4,678)	(4,885)
Interest on borrowings	6,345,814	11,673,390
Staff costs (Note)	87,018	119,619

Note: Staff costs include salaries, bonuses and contributions to EPF and all other staff related expenses. Contributions to EPF by the KAS Engineering for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 amounted to RM6,545 and RM11,735 respectively.

(iii) INCOME TAX EXPENSE

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
Deferred tax (note (v))	111,000	153,000

Malaysian corporate income tax is calculated at 25% on the estimated assessable profit for the Predecessor Track Record Period.

The Finance Act, 2015 has amended the Income Tax Act, 1967 to reduce the Malaysian Corporate Income Tax rate from 25% to 24% with effect from year of assessment 2016. Accordingly, the applicable tax rates to be used for the measurement of any applicable deferred tax for entities in Malaysia will be the expected rates for the period when the asset is realised or the liability is settled. Details of deferred taxation are set out in note (v).

The income tax expense for the Predecessor Track Record Period can be reconciled from the profit before tax per the statements of profit or loss and other comprehensive income as follows:

	1.10.2013 to 30.9.2014	**1.10.2014 to 28.9.2015**
	RM	*RM*
Profit before tax	2,353,879	4,420,323
Tax at applicable tax rate at 25%	588,470	1,105,081
Tax effect of expenses not deductible for tax purpose	49,604	1,123
Others	(527,074)	(953,204)
	111,000	153,000

(iv) PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Computers and software	Office equipment	Total
	RM	*RM*	*RM*	*RM*
COST				
At 1 October 2013	380	5,219	380	5,979
Additions	–	1,700	76,744	78,444
At 30 September 2014	380	6,919	77,124	84,423
Additions	–	7,243	735	7,978
At 28 September 2015	380	14,162	77,859	92,401
DEPRECIATION				
At 1 October 2013	38	1,045	265	1,348
Charge for the year	38	1,043	7,713	8,794
At 30 September 2014	76	2,088	7,978	10,142
Charge for the period	67	3,508	13,552	17,127
At 28 September 2015	143	5,596	21,530	27,269
CARRYING VALUES				
At 30 September 2014	304	4,831	69,146	74,281
At 28 September 2015	237	8,566	56,329	65,132

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Furniture and fittings	10% – 20%
Computers and software	20% – 33%
Office equipment	20%

(v) DEFERRED TAXATION

The following are the major deferred tax asset and liability recognised by KAS Engineering and movements thereon during the Predecessor Track Record Period.

	Accelerated tax depreciation	Tax losses	Total
	RM	*RM*	*RM*
At 1 October 2013	15,000	(5,840,000)	(5,825,000)
(Credit) charge to profit or loss	(1,000)	112,000	111,000
At 30 September 2014	14,000	(5,728,000)	(5,714,000)
Credit to profit or loss	–	153,000	153,000
At 28 September 2015	14,000	(5,575,000)	(5,561,000)

For the purpose of presentation in the statements of financial position, the deferred tax asset and liability have been offset.

As at 30 September 2014 and 28 September 2015, KAS Engineering has unutilised tax losses of approximately RM22,912,000 and RM22,300,000 respectively. Deferred tax asset has been recognised in respect of such tax losses.

(vi) AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	30.9.2014	28.9.2015
	RM	*RM*
Contract costs incurred to date	115,831,282	265,879,008
Recognised profits	11,954,777	27,440,982
	127,786,059	293,319,990
Analysed for reporting purpose as:		
Current assets	–	3,625,527
Non-current assets	127,786,059	289,694,463
	127,786,059	293,319,990

(vii) OTHER RECEIVABLES AND DEPOSITS

	30.9.2014	28.9.2015
	RM	*RM*
Other receivables	182,977	89,260
Refundable deposits	5,173,385	5,173,655
	5,356,362	5,262,915

(viii) SHARE CAPITAL

	Number of shares		Share capital	
	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015	1.10.2013 to 30.9.2014	1.10.2014 to 28.9.2015
			RM	*RM*
Authorised:				
Ordinary shares of RM1 each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid:				
Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000

(ix) BORROWINGS

	30.9.2014	28.9.2015
	RM	*RM*
Current:		
Term loan II	–	13,272,662
Non-current:		
Term loan II	109,149,907	252,405,150
Total	109,149,907	265,677,812

Details of term loan II are set out in note 26(c) of Section A to the BGMC Corporation Historical Financial Information.

The remaining maturities of borrowings as at 30 September 2014 and 28 September 2015 are as follows:

	30.9.2014	28.9.2015
	RM	*RM*
On demand or within one year	–	13,272,662
More than one year and less than two years	13,272,662	31,234,387
More than two years and less than five years	53,987,551	45,506,268
More than five years	41,889,694	175,664,494
Total	109,149,907	265,677,811

The weighted average interest rates per annum for borrowings as at 30 September 2014 and 28 September 2015 are both 7.8%.

(x) TRADE AND OTHER PAYABLES

	30.9.2014	28.9.2015
	RM	*RM*
Trade payables to a shareholder	37,155,686	32,802,881
Other payables	1,681,530	106,058
Accrued expenses	11,056	10,220,013
	38,848,272	43,128,952

Trade payables to a shareholder are unsecured, interest-free and with credit period of 30 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	30.9.2014	28.9.2015
	RM	*RM*
0 to 30 days	37,155,686	32,802,881

(xi) AMOUNTS DUE TO DIRECTORS

Amounts due to directors are unsecured, interest-free and repayable on demand.

C. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 28 September 2015.

D. SUBSEQUENT FINANCIAL STATEMENTS

Subsequent to 28 September 2015, the statutory financial statements for BGMC Corporation and the subsidiaries incorporated in Malaysia, prepared in accordance with Malaysian Financial Reporting Standards and IFRSs, were audited by chartered accountants registered in Malaysia as below:

Name of entities	Period covered	Chartered Accountants
BGMC Corporation Sdn. Bhd.	For each of the two years ended 30 September 2016	Deloitte
Built-Master Elevator Engineering Sdn. Bhd.	For each of the two years ended 30 September 2016	Deloitte
Built-Master Engineering Sdn. Bhd.	For the period from 1 July 2014 to 30 September 2015 and the year ended 30 September 2016	Deloitte
Headway Construction Sdn. Bhd.	For the period from 1 July 2014 to 30 September 2015 and the year ended 30 September 2016	Deloitte
KAS Engineering Sdn. Bhd.	For the period from 1 January 2015 to 30 September 2015 and the year ended 30 September 2016	Deloitte

The information set out in this appendix does not form part of the Accountants' Report on the historical financial information of the Group for the period from 2 July 2015 to 30 September 2015, the year ended 30 September 2016 and the six months ended 31 March 2017 (the "Accountants' Report of the Group") nor the Accountants' Report on the historical financial information of BGMC Corporation Sdn. Bhd. and its subsidiaries for the year ended 30 September 2014 and the period from 1 October 2014 to 28 September 2015 received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company and BGMC Corporation Sdn. Bhd., as set out in Appendix IA and IB to the prospectus, respectively, and is included herein for information only.

The unaudited pro forma financial information set out below should be read in conjunction with the sections headed "Financial Information" and "Appendix IA – Accountants' Report of the Group" in this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with Rule 4.29 (1) of the Listing Rules is set out below to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 31 March 2017.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group as at 31 March 2017 or any future dates following the Global Offering.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 as shown in the Accountants' Report as set out in Appendix IA to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 per Share	
	RM'000 *(Note 1)*	*RM'000* *(Note 2)*	*RM'000*	*RM* *(Note 3 and 4)*	*HK$*
Based on a minimum Offer Price of HK$0.60 per share	130,239	128,301	258,540	0.14	0.25
Based on a maximum Offer Price of HK$0.90 per share	130,239	198,870	329,109	0.18	0.32

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 is based on the consolidated net assets of the Group attributable to owners of the Company of RM160,517,682 as at 31 March 2017 as extracted from the Accountants' Report as set out in Appendix IA to this prospectus less goodwill and intangible assets of the Group of RM9,244,406 and RM21,034,015 respectively attributable to owners of the Company as at 31 March 2017.

(2) The estimated net proceeds from the Global Offering are based on 450,000,000 Shares to be issued at an offer price range of HK$0.60 and HK$0.90 per share, respectively, after deduction of the estimated underwriting fees and other related expenses incurred or expected to be incurred and borne by the Group (excluding listing expenses which has been charged to profit or loss up to 31 March 2017 by the Group). The calculation of such estimated net proceeds does not take into account of the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Malaysian Ringgit at an exchange rate of RM1 to HK$1.80, which was the exchange rate prevailing on 31 March 2017. No representation is made that Hong Kong dollar amounts have been, could have been or could be converted to Malaysian Ringgit amounts, or vice versa, at that rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is arrived at after adjustments referred to in note 2 above and on the basis of 1,800,000,000 Shares in issue immediately following the Capitalisation Issue and the Global Offering had it been completed on 31 March 2017. It does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of RM1 to HK$1.80, which was the exchange rate prevailing on 31 March 2017. No representation is made that Malaysia Ringgit amounts have been, could have been or could be converted to Hong Kong dollar amounts, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report from the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of BGMC International Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of BGMC International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 31 July 2017 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed global offering of shares on the Group's financial position as at 31 March 2017 as if the proposed global offering of shares had taken place at 31 March 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the historical financial information for the Group from 2 July 2015 (date of incorporation of BGMC Builder Shd. Bhd.) to 30 September 2015, the year ended 30 September 2016 and the six months ended 31 March 2017, on which an accountants' report set out in Appendix IA to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services

Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the historical financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 31 July 2017

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 November 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. **MEMORANDUM OF ASSOCIATION**

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. **ARTICLES OF ASSOCIATION**

The Articles were adopted on 3 July 2017. A summary of certain provisions of the Articles is set out below.

(a) **Shares**

(i) **Classes of shares**

The share capital of the Company consists of ordinary shares.

(ii) **Variation of rights of existing shares or classes of shares**

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) **Alteration of capital**

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) **Transfer of shares**

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) **Power of the Company to purchase its own shares**

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) **Power of any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) **Calls on shares and forfeiture of shares**

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) **Directors**

(i) **Appointment, retirement and removal**

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring

Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resigns;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) **Power to allot and issue shares and warrants**

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) **Power to dispose of the assets of the Company or any of its subsidiaries**

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) **Borrowing powers**

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) **Remuneration**

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An Executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) **Compensation or payments for loss of office**

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) **Loans and provision of security for loans to Directors**

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) **Disclosure of interest in contracts with the Company or any of its subsidiaries**

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) **Proceedings of the Board**

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) **Meetings of member**

(i) **Special and ordinary resolutions**

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) **Voting rights and right to demand a poll**

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the

Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) **Annual general meetings**

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) **Notices of meetings and business to be conducted**

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) **Inspection of corporate records**

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) **Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 18 November 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands Companies Law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs.

In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) **Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) **Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if they are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 28 February 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) **Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) **Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) **Register of Directors and officers**

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) **Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up.

Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) **Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. **GENERAL**

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands Companies Law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus. Any person wishing to have a detailed summary of the Companies law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 18 November 2016. Our Company's registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Our Company has established our principal place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 5 January 2017, with Kwok Siu Man appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong under the same address.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution comprises the Memorandum and the Articles. A summary of various provisions of the Memorandum and the Articles and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$300,000 divided into 30,000,000 Shares of HK$0.01 each. The following sets out the changes in the Company's issued share capital since our Company's incorporation:

(a) On 18 November 2016, one fully paid Share was issued to Reid Services Limited as the initial subscriber and such one subscriber Share was then being transferred to Prosper International on the same date.

(b) On the even date, 63, 30 and six fully paid Shares were issued and allotted to Prosper International, Seeva International and Kingdom Base, respectively.

(c) On 6 December 2016, the Company issued 576 Shares, 270 Shares and 54 Shares to Tan Sri Barry Goh (registered in the name of Prosper International as nominee), Dato' Michael Teh (registered in the name of Seeva International as nominee) and Dato' Arifin (registered in the name of Kingdom Base as nominee), respectively, as consideration for acquiring 100% issued share capital of BGMC Builder for the purpose of Reorganisation. Following completion of our Reorganisation, our Company became the holding company of our Group.

(d) On 3 July 2017, the authorised share capital of our Company was increased to HK$50,000,000 divided in 5,000,000,000 ordinary shares of HK$0.01 each.

Conditional on the share premium account of our Company being credited with the proceeds from the Global Offering, the amount of HK$13,499,990 standing to the credit of the share premium accounts of our Company will be capitalised and applied in paying up in full at par 863,999,360 Shares, 404,999,700 Shares and 80,999,940 Shares which will be allotted and issued to Prosper International, Seeva International and Kingdom Base, respectively immediately before the Listing.

Immediately following the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the Over-allotment Option or any

Shares which may be issued pursuant to exercise of any option that may be granted under the Share Option Scheme), the issued share capital of our Company will be HK$18,000,000 divided into 1,800,000,000 Shares fully paid or credited as fully paid and 3,200,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme, our Directors do not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save for the aforesaid and as mentioned in the paragraph headed "Further Information about Our Group – 4. Written resolutions of the Shareholders of our Company passed on 3 July 2017" and "– 4A. Written resolutions of the Shareholders of our Company passed on 20 July 2017" below in this section, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in share capital of our Company's subsidiaries

Our Company's subsidiaries are referred to in the Accountant's Report of the Group, the text of which is set out in Appendix IA to this prospectus. Save for the subsidiaries mentioned in Appendix IA to this prospectus, our Company has no other subsidiaries.

Save as otherwise disclosed in the section headed "History, Development and Reorganisation" in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Written resolutions of the Shareholders of our Company passed on 3 July 2017

Pursuant to the written resolutions of the Shareholders of our Company passed on 3 July 2017, among other things:

(a) our Company approved and adopted conditionally the Memorandum and the Articles which shall become effective upon Listing;

(b) our Company increased its authorised share capital from HK$300,000 divided into 30,000,000 Shares of HK$0.01 each to HK$50,000,000 divided into 5,000,000,000 Shares of HK$0.01 each by the creation of additional 4,970,000,000 new Shares of HK$0.01 each, each ranking pari passu in all respects with the Shares in issue at the date of passing of these resolutions;

(c) our Company adopted the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" in this section, conditional on, among others, the Listing Committee of the Stock Exchange granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue, the Global Offering and the Share Option Scheme, our Directors are authorised to grant options and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme; and

(d) conditional on, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not having being terminated in accordance with the terms of the Underwriting Agreements on or before such dates as may be specified in the Underwriting Agreements:

(i) the Global Offering was approved and our Directors were authorised to allot and issue the new Shares under the Global Offering;

(ii) the Issue Mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements, or a specific authority granted by our Shareholders in accordance with the Articles, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the Capitalisation Issue or the Global Offering, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme); and (bb) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares granted to our Directors until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles, the Companies Law or any other applicable Cayman Islands laws to be held, or the passing of ordinary resolutions by our Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (iii), whichever occurs first; and

(iii) the Repurchase Mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles, the Companies Law or any other applicable Cayman Islands laws to be held, or the passing of ordinary resolutions by our Shareholders in general meeting revoking or varying the authority given to our Directors as set out in this paragraph (iv), whichever occurs first.

4A. Written resolutions of the Shareholders of our Company passed on 20 July 2017

Pursuant to the written resolutions of the Shareholders of our Company passed on 20 July 2017, among other things, conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Shares by our Company pursuant to the Global Offering, our Directors were authorised to capitalise approximately HK$13,499,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 863,999,360 Shares, 404,999,700 Shares and 80,999,940 Shares for allotment and issue to Prosper International, Seeva International and Kingdom Base, respectively immediately before Listing, and the Shares allotted and issued shall rank pari passu in all respects with the then existing issued Shares and our Directors were authorised to do or cause to be done all such things to give effect to such Capitalisation Issue.

5. Corporate reorganisation

In preparation for the Listing, we underwent the Reorganisation. Please refer to the section headed "History, Development and Reorganisation – Reorganisation" in this prospectus for further details.

6. Repurchases of our Company's securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board of Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of its Shareholders, either by way of general mandate or by specific approval of a particular transaction.

On 3 July 2017, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will expire at the earliest of (i) the conclusion of our Company's next annual general meeting, (ii) the date by which our Company's next annual general meeting is required by the Articles or the Companies Law or applicable laws in the Cayman Islands to be held; or (iii) such mandate being revoked or varied by ordinary resolutions of our Shareholders at a general meeting (the "**Relevant Period**").

(ii) Source of funds

Our Company's repurchase of the Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with our Memorandum, our Articles, the Companies Law and the applicable laws of the Cayman Islands. Our Company may not repurchase the Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, under Cayman Islands law, our Company may make repurchases out of the profit, or out of our Company's share premium account, or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, or, if so authorised by the Articles and subject to the provisions of the Companies Law, out of capital. Any premium payable on the purchase over the par value of the Shares to be repurchased must be provided for out of either or both the profits of our Company or our Company's share premium account, or if so authorised by the Articles and subject to the Companies Law, out of capital.

(b) Reasons for repurchases

Our Directors believe that it is in our Company's and our Shareholders' best interests for our Directors to have general authority to execute repurchases of the Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made where our Directors believe that the repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the Listing Rules, the Companies Law and the applicable laws of the Cayman Islands.

(d) Share capital

The exercise in full of the current Repurchase Mandate, on the basis of 1,800,000,000 Shares in issue immediately after the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the Over-allotment Option or any Shares which may be issued pursuant to exercise of any option that may be granted under the Share Option Scheme), could accordingly result in up to 180,000,000 Shares being repurchased by our Company during the Relevant Period.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles, the Companies Law and the applicable laws of the Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in our Company's voting rights is increased, the increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as mentioned above, our Directors are not aware of any consequences of repurchases pursuant to the Repurchase Mandate which would arise under the Takeovers Code.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person of our Company has notified our Group that he, she or it has a present intention to sell his, her or its Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of our business) within two years immediately preceding the date of this prospectus which are or may be material:

(a) the share sale agreement in respect of BGMC Corporation entered into between Ir. Azham Malik, Datin Rohayati Binti Ariffin and BGMC Builder dated 28 September 2015;

(b) the share sale agreement in respect of KAS Engineering entered into between Tan Sri Barry Goh, Dato' Michael Teh, Dato' Arifin, Premtastic Development and BGMC Corporation dated 28 September 2015;

(c) the shareholders' agreement among BGMC Corporation, Chong Nyen Loong and Built-Master Engineering dated 28 September 2015;

(d) the share sale agreement in respect of Headway Construction entered into between Chua Eng Wan and BGMC Corporation dated 28 September 2015;

(e) the shareholders' agreement entered into between BGMC Corporation, Chua Cheng Yik and Headway Construction dated 30 September 2015;

(f) the supplemental deed dated 25 October 2016 in respect of the share sale agreement dated 27 May 2015 between B&G Capital and BGMC Corporation;

(g) the supplemental deed dated 25 October 2016 in respect of the share sale agreement dated 28 September 2015 between Ir. Azham Malik, Datin Rohayati Binti Ariffin and BGMC Builder;

(h) the supplemental deed dated 25 October 2016 in respect of the share sale agreement dated 28 September 2015 between Chua Eng Wan and BGMC Corporation;

(i) the supplemental deed dated 23 November 2016 in respect of the share sale agreement dated 28 September 2015 between Tan Sri Barry Goh, Dato' Michael Teh, Dato' Arifin, Premtastic Development and BGMC Corporation;

(j) the Reorganisation Deed;

(k) the Deed of Non-competition;

(l) the Deed of Indemnity, more particularly referred to in the paragraph headed "Other Information – 1. Tax and other indemnities" in this section; and

(m) the Hong Kong Underwriting Agreement.

2. Our intellectual property rights

(a) Trademarks

As of the Latest Practicable Date, we have registered the following trademarks:

Trademark	Place of Registration	Name of Registrant	Trademark Number	Class	Expiry Date
BGMC	Hong Kong	BGMC Builder	303759797	35	27 April 2026
BGMC	Malaysia	BGMC Builder	2015010377	35	12 October 2025

As of the Latest Practicable Date, our Group has submitted applications for the following trademarks pending for registration:

Trademark	Application number	Class	Name of Applicant	Place of Application	Application Date
GO builder	19730443	35	BGMC Builder	PRC	22 April 2016
GO builder	303969866	35	BGMC Builder	Hong Kong	22 November 2016
GO builder	2016004007	35	BGMC Builder	Malaysia	19 April 2016
GO builder	21997462	35	BGMC Builder	PRC	22 November 2016

(b) Domain Name

As of the Latest Practicable Date, our Group was the registered proprietor of the following domain name:

Domain Name	Name of Registered Proprietor	Registration Date	Expiry Date
www.bgmc.asia	BGMC Corporation	15 September 2015	15 September 2020

Note: information contained in the website does not form part of this Prospectus.

DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) Interests and short positions of our Directors in the Shares, underlying Shares or debentures of our Company and its associated corporations following the completion of the Capitalisation Issue and the Global Offering

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering and assuming that the Over-allotment Option or any option that may be granted under the Share Option Scheme is not exercised, the interests and short positions of our

Directors and chief executives of our Company in the equity or debt securities of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or under the Listing Rules, to be notified to our Company and the Stock Exchange, in each case, once the Shares are listed will be as follows:

Interests in the Shares

Name	Nature of Interest	Interests in Shares *(Note 1)*	Approximate Percentage Shareholding *(Note 2)*
Tan Sri Barry Goh *(Note 3)*	Interest of controlled corporation and interests held jointly with other persons	1,269,000,000(L)	70.5%
Dato' Michael Teh *(Note 3)*	Interest of controlled corporation and interests held jointly with other persons	1,269,000,000(L)	70.5%
Dato' Arifin *(Note 4)*	Interest of controlled corporation	81,000,000(L)	4.5%

Notes:

(1) The letter "L" denotes the person's long position in our Shares.

(2) The calculation is based on the total number of 1,800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to exercise of the Over-allotment Option or any Shares which may be issued pursuant to exercise of any option that may be granted under the Share Option Scheme).

(3) On 15 December 2016, Tan Sri Barry Goh and Dato' Michael Teh entered into the Concert Party Confirmatory Deed to acknowledge and confirm, among other things, that they have been parties acting in concert with each other with respect to their interests in or the business of the relevant members of our Group since they became shareholders of BGMC Builder and will continue to act in concert after the signing of the Concert Party Confirmatory Deed. For further details, please refer to the paragraph headed "History, Development and Reorganisation – Concert Party Confirmatory Deed" in this prospectus.

The aggregate 1,269,000,000 Shares interested by them consist of (i) 864,000,000 Shares beneficially owned by Prosper International, which in turn is beneficially wholly-owned by Tan Sri Barry Goh; and (ii) 405,000,000 Shares beneficially owned by Seeva International, which in turn is beneficially wholly-owned by Dato' Michael Teh.

(4) The entire issued share capital of Kingdom Base is owned by Dato' Arifin, therefore, Dato' Arifin is deemed to be interested in all the Shares held by Kingdom Base under the provisions of SFO.

(b) Interests discloseable under the SFO and substantial shareholders of other members of our Group

(i) Interests in our Company

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, our Directors are not aware of any other person, not being a Director or chief executive of our Company, who will have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

(ii) Interests in other members of our Group

So far as it is known to our Directors, the following persons, not being a Director or chief executive of our Company, will be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group or has option in respect of such capital:

Name of shareholder	Relevant company	Capacity/Nature of Interest	Approximate percentage of shareholding
Chong Nyen Loong	Built-Master Engineering	Beneficial owner	20.0%
Chua Cheng Yik	Headway Construction	Beneficial owner	49.0%

FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors' service contracts

Each of our Directors has entered into a service contract or an appointment letter (as the case may be) with our Company for an initial fixed term of three years commencing on the Listing Date or 3 July 2017 (as the case may be) which may only be terminated in accordance with the provisions of the service contract or the appointment letter (as the case may be) or by (i) our Company giving to any Director not less than three months' prior notice in writing or (ii) by any Director giving to our Company not less than one month's prior notice in writing.

Each of our Directors is entitled to the respective basic salary under their respective service contracts or appointment letters set out below. Our Directors may also be entitled to a discretionary bonus. A Director may not vote on any resolution of our Directors regarding the increment of annual salary and the amount of the discretionary bonus payable to him or her.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract or an appointment letter (as the case may be) with our Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Our Company has not entered into any service contract with our Directors which is for a duration that may exceed three years or which is not determinable by our Company within one year without payment of compensation (other than statutory compensation).

2. Directors' remuneration during the Track Record Period

For the three financial years ended 30 September 2016 and 1H2017, the aggregate remuneration paid to our Directors by our Company and the subsidiaries was approximately RM291,000, RM761,000, RM465,000 and RM254,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid or are payable for the three financial years ended 30 September 2016 and 1H2017 by our Group to our Directors.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses and share-based compensation paid and payable to our Directors for the financial year ending 30 September 2017 is estimated to be approximately RM1.4 million.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for the three financial years ended 30 September 2016 and 1H2017 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for the three financial years ended 30 September 2016 and 1H2017.

SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in compliance with Chapter 17 of the Listing Rules by the written resolutions of the Shareholder of our Company on 3 July 2017. The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established as incentives or rewards for the contributions or potential contributions that the Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group.

The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and

(ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "**Eligible Participants**") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and

(iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay RM1.0 to our Company by way of consideration for the grant and the duplicate offer document constituting acceptance of the option shall be duly signed by the grantee. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of our Company of RM1.0 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an Option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Exercise Price for our Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the Grantee certificates in respect of our Shares so allotted.

The exercise of any Option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10.0% of the total number of Shares in issue immediately following completion of the Global Offering (assuming the over-allotment option is not exercised) being 180,000,000 Shares. As at the offer date of any proposed grant of options, the maximum number of Shares in respect of which Options may be granted is such number of Shares less the aggregate of the following Shares as at that offer date:

(i) the number of shares which would be issued on the exercise in full of the options or options under any other scheme but not cancelled, lapsed or exercised;

(ii) the number of Shares which have been issued and allotted pursuant to the exercise of any options or options under any other scheme; and

(iii) the number of cancelled Shares.

Subject to the issue of a circular by our Company which complies with Rules 17.03(3) and 17.06 of the Listing Rules and as the date of the approval of our Shareholders in general meeting ("**New Approval Date**") and/or such other requirements prescribed under the Listing Rules from time to time, the Board may grant options beyond the 10.0% limit, being 180,000,000 Shares, to Eligible Participants specifically identified by the Board. Thereafter, as at the offer date of any proposed grant of options, the maximum number of shares in respect of which options may be granted is the new maximum number of shares less the aggregate of the following shares as at that offer date:

(i) the number of shares which would be issued on the exercise in full of the options and options under any other share option scheme granted on or after the New Approval Date but not cancelled, lapsed or exercised;

(ii) the number of shares which have been issued and allotted pursuant to the exercise of any options or options under any other schemes granted on or after the New Approval Date; and

(iii) the number of cancelled shares, the subject of options or options under any other schemes granted on or after the New Approval Date.

The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30.0% of our Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30.0% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) Maximum number of options to any one Eligible Participant

The maximum number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not, when aggregated with:

(i) any Shares issued upon exercise of options or options under the other schemes which have been granted to that Eligible Participant;

(ii) any Shares which would be issued upon the exercise of outstanding options or options under the other schemes granted to that Eligible Participant; and

(iii) any cancelled Shares which were the subject of options or options under the other schemes which had been granted to and accepted by that Eligible Participant,

exceed 1% of our Shares in issue as at the date of grant.

If the Board determines to offer options to an Eligible Participant which exceed this 1% limit, that grant shall be subject to:

(i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.03(4) and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time; and

(ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of our Shares.

The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine (or, alternatively, documents accompanying the offer document which state), among others:

(aa) the Eligible Participant's name, address and occupation;

(bb) the date on which an option is offered to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;

(cc) the date upon which an offer for an option must be accepted;

(dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);

(ee) the number of Shares in respect of which the Option is offered;

(ff) the subscription price and the manner of payment of such price for our Shares on and in consequence of the exercise of the option;

(gg) the date of expiry in relation to that option;

(hh) the date of the notice given by the grantee in respect of the exercise of the option;

(ii) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and

(jj) such other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the Option can be exercised) relating to the offer of the Option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.

(f) Price of Shares

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

(i) the official closing price of our Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of our Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share,

provided that for the purpose of determining the subscription price where the Shares have been listed on the Stock Exchange for less than five Business Days preceding the date of grant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

(g) Granting options to connected persons

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the Independent Non-executive Directors (and in the event that the Board offers to grant Options to an Independent Non-executive Director, the vote of such Independent Non-executive Director shall not be counted for the purposes of approving such grant).

If the Board decides to grant options to a substantial shareholder or any Independent Non-executive Director or their respective associates (as defined in the Listing Rules) resulting in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of our Shares in issue on the date of grant; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of our Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the Independent Non-executive Directors (excluding any Independent Non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(h) Restrictions on the times of grant of options

A grant of options may not be made after inside information has come to the knowledge of our Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual results, interim results, quarterly results or results for other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of its annual results, interim results, quarterly results or results for other interim period (whether or not required under the Listing Rules) and where the Company has elected to publish them, any quarterly or any other interim period, and ending on the date of actual publication of the results announcement.

Where the grant of Options is to a director of the Company, notwithstanding paragraph (h) above, no Options shall be granted to the directors of the Company:

(i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Rights are personal to grantee

An option and an offer to grant an option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option held by him or any offer relating to the grant of an option made to him or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. Subject to paragraph (u) and fulfilment of conditions in paragraph (w), the Share Option Scheme shall be valid and effective for the Scheme Period after which no further options shall be offered but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(k) Rights on ceasing employment or death

If the grantee of an option ceases to be an Eligible Participant:

(i) by any reason other than death, ill-health, injury, disability or termination of his employment on the grounds specified in paragraph (l) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) from such cessation (which date shall be, in relation to a Grantee who is an Eligible Participant by reason of his employment with the Company or any of the Subsidiaries, the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not); or

(ii) by reason of death, ill-health, injury, disability, the grantee or his personal representative(s) may exercise the option within a period of 12 months from such cessation (or such longer period as the Board may determine) or from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised).

(l) Rights on dismissal

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he/she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his/her integrity or honesty, that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, or on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant subsidiary, his/her option will lapse and not be exercisable after the date of termination of his/her employment. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) or the options are cancelled in accordance with paragraph (t).

(m) Rights on takeover

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) the Company shall use its best endeavours to procure that such offer is extended to all the grantees. If such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(n) Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(o) Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee shall be entitled to exercise all or any of his Options in whole or in part at any time prior to 12:00 (Hong Kong time) on the Business Day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement.

If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(p) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. Shares issued on the exercise of an option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

(q) Effect of alterations to capital

In the event of any capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company in accordance with the applicable laws and regulatory requirements, such corresponding alterations (if any) shall be made (except on an issue of securities of the Company as consideration in a transaction which shall not be regarded as a circumstance requiring alteration or adjustment) in the number of Shares subject to any outstanding options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall at the request of the Company or any grantee, certify in writing to the Board to be in their/his opinion fair and reasonable, provided that any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate subscription price per Share payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The capacity of the auditors or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the grantees.

In respect of any adjustments required above, other than any made on a capitalisation issue, the auditors or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and/or such other requirement prescribed under the Listing Rules from time to time.

(r) Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;

(iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of our Group, or has been insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally or any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (t) below.

(s) Alteration of the Share Option Scheme

The terms and conditions of this Share Option Scheme and the regulations for the administration and operation of the Share Option Scheme (provided that the same are not inconsistent with the

Share Option Scheme and the Listing Rules) may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme), must be made with the prior approval of the shareholders of the Company in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Share Option Scheme and their respective associates shall abstain from voting provided that the amended terms of the Share Option Scheme or the options shall remain in compliance with Chapter 17 of the Listing Rules and no alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such option prior to such alteration except with:

   (1) the consent in writing of grantees holding in aggregate options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date; or

   (2) the sanction of a special resolution.

Written notice of any alterations made in accordance with paragraph (s) shall be given to all grantees.

(t) Cancellation of Options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (i). Where the Company cancels options, the grant of new options to the same grantee may only be made under the Share Option Scheme within the limits set out in paragraphs (d) and (e).

(u) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(v) Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(w) Condition of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional on:

(i) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of the Share Option Scheme;

(ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme; and

(iii) the commencement of dealings in our Shares on the Stock Exchange.

If the conditions in paragraph (w) above are not satisfied within two calendar months from the adoption date:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(x) Disclosure in annual and interim reports

The Board shall procure that details of the Share Option Scheme and other schemes of the Company and its Subsidiaries are disclosed in its annual and interim reports of the Company in compliance with the Listing Rules in force from time to time.

(y) Present status of the Share Option Scheme

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in our Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 180,000,000 Shares in total.

OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders entered into the Deed of Indemnity referred to in the paragraph headed "Further Information about Our Business – 1. Summary of our material contracts" in this section in favour of our Company for itself and as trustee for each member of our Group to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received, estate duty, as well as any penalties and claims to which any member of our Group may be subject on or before the Listing Date.

2. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, neither our Company nor any of its subsidiaries were involved in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group.

3. The Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fees are HK$6.0 million and are payable by our Company.

4. Compliance adviser

In accordance with the requirements of the Listing Rules, our Company has appointed Fortune Financial Capital Limited as its compliance adviser to provide advisory services to our Company to ensure compliance with the Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full year commencing after the Listing Date or until the agreement is terminated, whichever is the earlier.

5. Preliminary expenses

Our estimated preliminary expenses are approximately HK$44,000 and are payable by our Company.

6. Promoters

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

7. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of our Shares being sold or transferred. Profits from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) Consultation with professional advisers

Intending holders of our Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualification of experts

The qualifications of the experts, as defined under the Listing Rules, who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Fortune Financial Capital Limited	Licensed corporation under the SFO permitted to carry out Type 6 (advising on corporate finance) regulated activity
Deloitte Touche Tohmatsu	Certified Public Accountants
Mah-Kamariyah & Philip Koh	Malaysian legal advisers
Appleby	Cayman Islands legal advisers
Smith Zander International Sdn Bhd	Industry consultant

9. Consents of experts

Each of Fortune Financial Capital Limited, Deloitte Touche Tohmatsu, Mah-Kamariyah & Philip Koh, Appleby and Smith Zander International Sdn Bhd has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included in this prospectus the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

10. Share register

The principal share register of our Company will be maintained in the Cayman Islands by Estera Trust (Cayman) Limited and a branch share register will be maintained in Hong Kong by Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong. Unless our

Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with, and registered by, Boardroom Share Registrars (HK) Limited and may not be lodged in the Cayman Islands.

11. No material adverse change

Save as disclosed in this prospectus, our Directors confirm that there has been no material adverse change in our financial or trading position since 31 March 2017.

12. Miscellaneous

Save as disclosed in this prospectus:

(a) none of our Directors nor any of the parties listed in the paragraph headed "Other Information – 9. Consents of experts" in this section has any direct or indirect interest in the promotion of our Company or any of the subsidiaries, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to our Company or any of the subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of the subsidiaries;

(b) none of our Directors nor any of the parties listed in the paragraph headed "Other Information – 9. Consents of experts" in this section is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business;

(c) save of the Underwriting Agreements, none of the parties listed in the paragraph headed "Other Information – 9. Consents of experts" in this section:

 (i) is interested legally or beneficially in any of the Shares or any shares in any of the subsidiaries; or

 (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for the securities;

(d) none of the equity and debt securities of our Company or any of our subsidiaries is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought from any other stock exchange;

(e) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(f) our Company has not issued or agreed to issue any founder shares, management shares or deferred shares;

(g) our Company has no outstanding convertible debt securities;

(h) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special items have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and our Company or any of our subsidiaries has not issued or agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(i) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring, subscription or agreeing to procure subscription of any Shares in or debentures of our Company;

(j) there is no arrangement under which future dividends are waived or agreed to be waived;

(k) the Global Offering does not involve the exercise of any right of pre-emption or the transfer of subscription rights;

(l) as at the date of this prospectus, there is no restriction affecting the remittance of profits or repatriation of capital of our Company into Hong Kong from outside Hong Kong; and

(m) there has not been any interruption in the business of our Company which may have or has had a significant effect on the financial position of our Company in the two years preceding the date of this prospectus.

13. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

14. Bilingual prospectus

Pursuant to Rule 19.36(5) of the Listing Rules and section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time as each place where this prospectus is distributed by or on behalf of our Company.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the section headed "Appendix IV – Statutory and General Information – Other Information – 9. Consents of experts" in this prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Appendix IV – Statutory and General Information – Further Information about Our Business – 1. Summary of our material contracts" in this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Eversheds, 21/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the amended and restated Memorandum and Articles of Association;

(b) the Accountant's Report of the Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IA to this prospectus;

(c) the Accountant's Report of the BGMC Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix IB to this prospectus;

(d) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(e) the audited consolidated financial statements of the Group for the period from 2 July 2015 to 30 September 2015, for FY2016 and for 1H2017;

(f) the audited consolidated financial statements of the BGMC Group for FY2014 and FP2015;

(g) the legal opinion issued by Mah-Kamariyah & Philip Koh, our Malaysian Legal Advisers;

(h) the letter of advice from Appleby, our Cayman Islands legal advisers, summarising the constitution of our Company and certain aspects of the Cayman Islands Companies Law referred to in the section headed "Summary of the Constitution of Our Company and Cayman Islands Companies Law" in Appendix III to this prospectus;

(i) the Companies Law;

(j) material contracts referred to in the section headed "Appendix IV – Statutory and General Information – Further Information about Our Business – 1. Summary of our material contracts" in this prospectus;

(k) service contracts with each of our Directors referred to in the section headed "Appendix IV – Statutory and General Information – Further Information about Our Directors – 1. Directors' service contracts" in this prospectus;

(l) the written consents referred to in the section headed "Appendix IV – Statutory and General Information – Other Information – 9. Consents of experts" in this prospectus;

(m) the rules of the Share Option Scheme; and

(n) the Industry Report.

BGMC International Limited
璋利國際控股有限公司